

NOTES FOR AN ADDRESS BY
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Thank you for that generous introduction. Adlai Stevenson once said: "Flattery is all right -- if you don't inhale". That will be my only comment on American politics.

I am going to speak about Canadian politics -- both its detail, and its duty. We open a National General Meeting of my party in Toronto tomorrow, which will trigger a grass-roots policy process, leading to a national policy conference next April, and then a detailed platform.

Let me be clear where we start as Progressive Conservatives. Our goal is more ambitious than just a change in policy, or even attitude. We aim to secure a culture of opportunity in Canada, a set of policies and a state of mind which will encourage the citizens of this lucky country to make the most of our extraordinary good fortune.

We believe that taxes now are so high that they are becoming a barrier to opportunity and growth. We believe that individuals deserve profound respect, and should have the incentive, and the means, to take responsibility for their choices.

The idea of encouraging opportunity has run consistently through our history. Indeed, most people who first came here were drawn by opportunity, not security -- the first explorers, the waves of migrants who define our cities, the homesteaders who settled our prairie, right through to the most recent immigrants and refugees. No doubt, the world-wide reputation of Canada's social services attracts some newcomers, but a far more compelling motivation is the knowledge that you can do more with your talents here than in Guandjhou, or Punjab, or Guatemala, or Lebanon, or Nigeria, or Poland or virtually anywhere else.

One consistent strand of our public policy has been to break down the major barriers to opportunity -- by introducing hospital insurance, and health care, and equalization, by fighting poverty, by prohibiting discrimination based on gender, race, colour, sexual preference. Those social policies are instruments of opportunity, freeing people to pursue their potential. A culture of opportunity is not simply about enlarging the options of those who are strong, but also providing training, removing barriers, to create options for citizens whom circumstances hold back.

The other consistent strand, in this unique country, has been to encourage the innovator, the entrepreneur, the risk-taker, and the wealth-maker.

That is why my party assigns such a high priority today to economic growth, competitiveness, and innovation. No one knows better than this former Minister of Constitutional Affairs that a country is more than an economy. But in this tough modern world -- a world that Canada can shape but not escape -- a strong and competitive economy is the key to anything else we might want to do. While we are still months away from a federal general election, let me outline some of the thinking that will guide an economic platform which we believe will help make Canada competitive.

Our National General Meeting will receive an interim report from a Task Force on Fiscal Reform, established six months ago. Scott Brison, MP, our Finance Critic, chairs the committee, which is based deliberately on expertise, not partisanship. Among other issues, the Task Force is looking at increasing the minimum tax threshold, permitting a joint family tax return, and lowering the tax on capital gains.

We are looking at examples of success around the world, at "best practices" in countries that have achieved real growth, including in jobs. The way Ireland has cut its corporate tax rates has spurred an annual rate of growth of about eight per cent through the 90s, while the unemployment rate has dropped sharply. Finland, so long in the shadow of the old Soviet Union, has used lower corporate taxes to help achieve the second strongest growth rate in Europe.

We are also looking at innovations at home, including the old idea of mortgage tax deductibility, and the new flatter tax system announced in Alberta's last budget. As Alberta recognizes, that approach raises a number of equity issues, which our Task Force will also examine.

In addition to tax policy, a Progressive Conservative government would set clear achievable targets, to pay down our 587 billion dollars national debt. Mr. Martin dislikes targets, so there are none now, and progress against the debt is ad hoc, rather than reliable.

We would restore Parliament's control of spending, apply sunset clauses widely, and renew program mandates only after thorough parliamentary review.

Our purpose is to create a reputation of responsibility abroad, and a culture of opportunity at home.

That is some of the detail of what we are considering. Let me speak now of the fundamental duty of Canadian politics -- the duty to provide Canadians with a realistic choice. Choice is what democracy is about. Yet the reality is that, since the collapse of my national party, six years ago, Canada has been, essentially, a one-party state. During those six years, there has not been one day when Mr. Chrétien's government has had to worry seriously about the possibility that it could be replaced.

Let's look at some consequences.

Personal income taxes in Canada are now higher than in any other G-7 country, and 47 per cent higher than the average.

Canada's statutory corporate income tax rates are the highest in the G-7, next only to Japan.

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The disposable income of Canadians has declined by 9 per cent, in the exact same period that U.S. disposable income has increased by 11 per cent.

Our health care system is critically under-funded; while the federal government's Employment Insurance program is ludicrously over-funded, with EI payroll taxes higher than the law allows. Seasonal workers, and the communities which count on them, have been virtually abandoned.

The Chrétien government -- which has not had to fear that it could be replaced -- has raised payroll taxes for the Canada Pension Plan by a gigantic 73 per cent, while dramatically increasing the clawback rate. That means that Canadians will soon be paying twice as much to receive a smaller pension.

The government's response to a racket in illegal refugees is to hope that the weather will keep the ships away. Their position on the airline crisis is to say "we are only bystanders", while they suspend the Competition Act.

These are not random events. They reflect a system that has broken down. No one performs at his or her best without competition. The reality is that the Reform Party, the Bloc Quebecois, the NDP, and, until recently, my own party, have not been seen as the kind of competition which could actually win a national election.

That is changing now. My party and I have a long way to go, but in provincial elections and in polling results, we have broken out of the pack at the bottom, and are seen clearly now as the only party able to compete across Canada.

I receive a lot of free advice -- from commentators, whose business is commentary; from some business leaders who think that, since mergers and acquisitions work so well in, say, the airline industry, we should just do a deal; from visionaries who believe that, if we would just build a party, some Moses would come and lead us all to salvation. Sometimes it's Mike Moses. Sometimes it's Ralph Moses. More often, it's Preston Moses. But most often, if I may say so, it's Moses Who, and I know how hard a road that is to travel.

I welcome all the attention, and advice. But I remember President Kennedy's observation that "advisors always move on to new advice". I don't have that luxury. I don't indulge it. I have a duty to make out national democracy competitive, and that is what I am doing.

The basic rules of life apply to politics. There are no short cuts. You have to build a base of trust and confidence, reach out to people who share your goals, and then earn your way.

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Our credential is as a national party, which says the same thing, and stands for the same principles, in every part of Canada. We know we have to win back trust. We have to prove ourselves to people who left us for good reason; we have to draw in to public life the one in three Canadians who did not vote at all in the last election. We have to show that we can both bring together this divided Canadian community, and move it forward, together. And we have to do that quickly, because the next election will be called at the time our adversary chooses.

For the past ten months, I have been forced to focus on rebuilding the morale and organization of the Progressive Conservative Party which has formed national governments regularly through the history of this country. That nation-wide base endures, but the party has transformed itself. I am the only national leader elected by a one-person one-vote grass-roots process. We are applying that same open-ness to policy development. This National General Meeting will change our focus deliberately towards the development of an election platform, and the recruitment of candidates worthy of national support.

The founders of the Canadian Club, 102 years ago, wanted to inspire greater pride in their fledgling country. Pride and purpose are intangibles, but they have never been more important to Canada than they are today, when our sense of community is either local, in the neighbourhoods and regions where we live and work, or global, where our markets and fashions and expectations are framed.

We need both those perspectives, of roots and of reach. But the modern world is more than globes and neighbourhoods. While national sovereignty has declined, everywhere, the world is still organized in nation-states -- it is countries that sign the trade agreements, and send the troops, and set the tax regimes, and operate the health care systems that bring order to the world. And it is also countries which embody the values, and have the capacity to set and express the priorities, of individuals and communities who choose to live together.

This is too good a nation to lose. Yet we are wasting many of the assets which make us strong and unique. Ironically, we are wasting them at a time, in world events, when Canadian ambition and Canadian example can reach farther than ever. We simply have to encourage that ambition, and keep that example up to date.

This is not the nation of a century ago, when we were mainly of English and French and aboriginal origins, and our population and our interests clustered in central Canada and the Atlantic provinces. This is not the nation of twenty years ago, before the Cold War ended or the Internet began. The world has changed profoundly, and that pace of change is picking up.

But we Canadians are not floating free. We have the experience and the accomplishments and the skills of a country -- a community -- that has been much more successful than most. That is the real significance when the United Nations grades Canada above other countries. That success is for two reasons.

One is our luck in living in this large rich land, so far from the poverty and conflict that explode other lives. The other reason is that, through our history, we have worked, against the odds, to make this a better country -- more just, more competitive, more generous. That experience is one of our great assets now, and gives Canada a significant advantage, in this new world.

The fiscal crisis of the past decade should have taught us two compelling lessons, one simple, the other more complex. The first lesson is that there are limits on what government can spend. The second is that there are limits on what government can do. They are different lessons, and each has a corollary.

The spending lesson is as old as time: if you spend what you don't have, you end up broke, in debt, and unable to meet your most basic obligations. The corollary is that you can't help your community as you should. Poor countries have bad health systems, high crime rates, no real capacity to protect their citizens.

The more complex lesson -- that government can't do everything -- also has a corollary. That is that there are some things which only governments can do, and those things change as our society changes. That imposes a positive obligation to determine carefully what governments can and should do in modern times and what they should not try to do. In a federation like Canada, that also involves deciding which level of government should act, and how the national and provincial and local governments, and the private and voluntary sectors, should work together.

It is not enough to simply say that governments should back off -- if they all back off too far, roads don't get built, police forces don't get funded, our standards of health and training and education fall behind, and we become mere flotsam tossed on the tides of powerful interests. The role of government has changed, but it certainly has not ended, and the real challenges of the next few years will be to determine what government should do, how, and with what partners. Those are the issues on which my party will focus, as we prepare a platform for Canadians.

A new world is taking shape -- as frightening, as challenging, as promising as the St. Lawrence and the Mackenzie and the other unknown rivers must have seemed to the explorers who first travelled them. It is a world of technology, and intelligence, and the critical human capacity to draw differences together.

A handful of countries will shape this new age. At our best, Canada can be one of those countries. But to do that, we need to renew a sense of purpose and ambition in a country that takes its good fortune for granted.

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The past is a preparation for the future. If I had to describe the mentality that is most suited to this challenge, I would argue that the phrase "progressive conservative" has never been more apt. Canada must conserve the best of our experience, and apply all our energies imaginatively to the opportunities of this new world.

This is the goal of my Party. That is my commitment to Canadians.