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NOTES FOR REMARKS

BY

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TO

THE CANADIAN CLUB OF TORONTO

AND

THE PROSPECTORS AND DEVELOPERS ASSOCIATION

AT

THE ROYAL YORK HOTEL, CANADIAN ROOM

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MONDAY, MARCH 7, 1977

Experience teaches us that more societies are weakened by internal strife than by external enemies. Canada is well along the road to proving that point once again.

The signs are all around us. Political disunity, economic stagnation, the kind of personal frustration which causes geologists, technicians -- and investors -- to leave this country when they look for opportunity. This young Canada is looking old before its time.

Yet the reality remains that we are a place to build. It was the opportunity to build which brought so many of us, or our ancestors, to this young country, -- and it is that same opportunity -- to make the most of one's self, or one's culture, or one's ambition -- that is the best guarantee that we will continue to grow together.

At one time, Canada's resource industries embodied our sense of national adventure. Even today, the industry directly affects about 10 per cent of Canada's jobs, and is a major customer for transportation, heavy equipment, and other important industries. Internationally, mining is a cornerstone of our export economy, and its health is essential if Canada is to begin again to pay our way in the world -- as we must.

The industry did not grow by blind luck, nor because there is ore lying around everywhere. In fact, deposits of many major minerals are larger, or of higher grade, in the United States, the Soviet Union, Australia, Zambia, and Zaire. We rose to our position as the third most significant mining country in the world because individuals were prepared to take risks, and because -- at least until recently -- the political and social climate of Canada was stable enough to attract more than our share of the available world investment for exploration and development.

We must restore that climate --- and that respect for risk --- if we are to get on again with the task of building Canada. To do that, we need strong and positive national leadership, which I would direct toward these major objectives.

First, government must reaffirm its faith in the private sector as the main source of new jobs and new national wealth. We will halt, and gradually reverse, the growth of government's demands upon our productive citizens.

Second, we need certainty in the Canadian economy. Government has a right and a responsibility to establish the rules within which the economy operates. But government also has an obligation to ensure that those rules are as fair, as precise and as certain as one can make them in an uncertain world. We will end the system where the rules change in the middle of the night, or where industry is expected to operate without rules, as has been the case with the Northern Land regulations, where government has gone seven years without setting any rules at all.

Third, different levels of government must work together, not fight each other. In resource policy, conflict has become the custom between the federal and provincial governments, with fault and inflexibility on both sides. There has been no winner in this war between bureaucrats, just innocent casualties, including principally, the country itself. Even politicians recognize that reality, and my colleagues and I are convinced that a national government, which earns the trust of the provinces, can achieve a system where governments come together to agree on goals, rather than to dispute about jurisdiction.

Fourth, we must restore incentive to our tax system.

Canadians continue to have one of the highest per capita savings rates in the world. But in recent years a decreasing proportion has gone into equity investment for development.

Part of the problem is that Canadian law encourages Canadians to put our savings into insurance, savings accounts and Canada Savings Bonds. When you compare Canadian and American tax law, a United States citizen or corporation ends up with 20 per cent more profit on an investment in Canadian resources than a Canadian does on the same investment in his own country. We will establish a system that ensures that investing in Canada is at least as attractive to Canadians as it is to foreigners.

Fifth, we must strengthen our competitive position in the world. That requires a coordinated programme involving all the major partners in the economy, to resolve the weaknesses in our collective bargaining structure, of lagging investment in research and development, and the other impediments to Canadian productivity. A thorough discussion of our current balance of payments problem is another speech for another time, but we must all --- starting with our national government -- face up to the hard reality that Canada cannot continue indefinitely to live on borrowed dollars, and borrowed time.

Those are basic steps to renew the reality of Canada as a place to build. They are not easy steps -- nor are they alone a sufficient response to our problems as a country. Economic performance is one important means to encourage unity in Canada, and restore our sense of energy. But economic action alone is not enough. In fact, we must recognize the fundamental lesson of recent years that there are no simple solutions. That is important to emphasize because we have sought simple solutions before -- we sought and bought them -- and the consequences include a separatist government in Quebec, and an economy whose fundamental problems have not been addressed, let alone resolved.

We must face up squarely to the full dimensions of our current national difficulties. I have spoken of the economy, and this audience -- of business people, in Toronto -- is undoubtedly well acquainted with those problems. But there are also cultural, regional, and institutional pressures in the country. I want to speak briefly on each of them.

English-speaking Canadians must recognize the inescapable and legitimate cultural aspirations of Quebecers. It is not the French culture of which we are speaking; that exists in France, and has the security of 50 million Frenchmen, and hundreds of years of history. It is the Québécois culture -- which is different and, its citizens would argue, superior to any other culture on this or any other continent. It is a culture acutely conscious of being an exposed minority, and determined to maintain its identity.

The Party which won the election in Québec is well named. It is the Parti Québécois -- not the Parti Français -- and teaching French in Toronto, whatever its other national and personal advantages, does little to nourish the culture of Quebec. That nourishment must come from Quebec. It depends upon a practical capacity to influence the instruments of culture -- language, schools, communications, even immigration. Whatever specific questions might arise -- in constitutional conferences or in referenda -- the issue is the capacity to nourish the culture of Quebec. I am convinced that very few Canadians would want to deny Quebec that capacity, and I am convinced, too, that the culture and identity of Quebec is best protected within a federal Canada.

Other pressures are regional. In the West, in Atlantic and in Northern Canada, there is a real sense that national policy -- from the construction of seaways through to most transportation and tariff policy -- has encouraged growth to concentrate in Canada rather than to disperse throughout Canada.

Two kinds of frustration corrode confidence in the Canadian system. One is the frustration of the disadvantaged where unemployment is high and prospects are few. Another is the frustration of the entrepreneur, most evident in Western Canada, where there is a sense that the Canadian system is stacked against that region's instinct to build and grow. It is tempting to dismiss this anger as selfish or unjustified, just as once it was tempting to dismiss the early Quebec separatists as eccentric. But one of the facts of life, one of the positive facts, is that we must continually demonstrate the worth of this nation to its parts, and that challenge is alive today in most parts of the country.

The other serious pressure is institutional. Perhaps the most fundamental of the obstacles we face today is the fact that people don't believe in the institutions that once let us resolve our problems. That is partly because

some of those institutions -- Parliament particularly -- have been bypassed and debased by recent governments. But deeper than that is the fact that people don't trust leaders: when, for example, controls are condemned and then imposed, the credibility of the whole system is damaged. That was particularly so because we have come through an era in which public figures have been pretending we can do more than we can. Politicians raised hopes too high, and now reap the harvest of cynicism. One of the great challenges we face is to restore public confidence in public institutions.

Senator Daniel Patrick Moynihan remarked recently that one of Canada's problems is that we have never faced crisis directly -- wars were always on another continent; inflation was always someone else's fault; national unity would be achieved by one man with some magic.

By avoiding our problems, we have let them grow -- and now we have a crisis which it would be fatal to refuse to face. And let one thing be clear -- this is not a responsibility which anyone in this room can delegate to anyone else. The "national government" proposed by The Toronto Star will not solve our problems; nor will separatism; nor patriation of the constitution; nor official bilingualism; nor any other simple formula.

We are in this together, and we are going to have to work it out together. Indeed, in a sense, the election of a Parti Québécois government was a service to all of Canada, because it forces us to face problems we have been ignoring, at our peril, for too long. The choice is not simply between separatism and the status quo. The challenge instead is to fashion a new federal arrangement, which can engage the energies of all who find legitimate faults in the existing system. Ironically, the election of a government dedicated to the partition of our country may prove to be the catalyst which causes us to come back together, to resume the unfinished business of building Canada.

That is a challenge which we all should face with confidence and enthusiasm.