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NOTES

FOR A SPEECH

BY

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TO

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CHECK AGAINST DELIVERY



This is the first time that a government has extended its normal term simply because the Prime Minister did not have the courage to face the electorate. He will pay the political price for running away. But in the meantime, the nation pays a price for the uncertainty the Trudeau Government has generated. It is not a new price. The breach of their word on controls -- their inept conduct of that program -- their interventionist mentality, evident in the Competition Bill, the Northern Land Regulations, Petrocan, Nordair and innumerable statements -- and now the open cynicism with which they embrace proposals they once condemned -- have all created a reputation of unreliability for the Trudeau government, and consequently for Canada.

The next eight months will be difficult for Canada, and I want to take the opportunity today -- a week before the opening of this extended Parliament -- to indicate how we intend to meet our responsibilities, and what I believe the government should do to begin to meet their's. In Parliament, we will support good legislation -- and, indeed, act to improve it. The government will have the help of the Progressive Conservative Party in getting serious measures approved. Of course there will be debate and questions and accountability -- that is what Parliament is for -- and if the government continues to cook the books, or try to avoid public scrutiny,

or try to unilaterally change basic institutions, they create problems for themselves. For example, we will not sit quiet and let them continue to hide a true and complete statement of the accounts of Canada, nor will we let them disrupt confederation by making unilateral changes to the Senate, the Supreme Court, and the monarchy -- which are institutions Ottawa does not own. The government sets the agenda of Parliament. They can choose to make it productive or not.

In the interests of a productive Parliament, I have suggestions concerning three areas of immediate concern.

First, the cabinet. Mr. Trudeau's own backbenchers describe it as "the weakest cabinet in Canadian history". The most dramatic symbol of the weakness is that Otto Lang has three portfolios -- and Andre Ouellet two. None of the economic ministers has credibility in his present portfolio. The Prime Minister owes the country a new cabinet before Parliament resumes.

Second, a budget. Mr. Chretien's speaks vaguely about a budget "before Christmas". We need that budget this month -- and it should include a complete financial statement, including short-term and long-term forecasts, for growth, inflation, employment, and government revenues and deficits -- and a full statement of the basis of each forecast.

The deficit statement should include all government obligations, and drop the pretense that billions of dollars of obligations incurred by Crown agencies have nothing to do with the taxpayers of Canada. The revenue statement should be current and complete, so we will know the increase in government revenues is still only half the rate forecast by the minister. Canadians -- and the world -- have a right to know the true facts about the health of our economy.

Third, the agenda of Parliament.

I can't predict what the Trudeau government might say next week -- I don't have access to Mr. Goldfarb's instructions -- but I want today to spell out for you the priorities a Progressive Conservative government would follow if next week's Throne Speech were ours to write.

The first priority must be economic recovery, and I want to deal with that at some length. But there are two other priorities we would also pursue in this Parliament -- constitutional change, and institutional change.

We would change the constitution in co-operation with the provinces, instead of attempting to act unilaterally. And we would discuss changes in powers as well as in institutions. Our starting point would be the agreement

reached with Progressive Conservative Premiers at the Kingston conference last year. There were four Progressive Conservative Premiers there -- there are six today with elections in progress in ~~two~~ provinces, and the Liberals hanging on to their last provincial government in Prince Edward Island by one seat. Putting aside the various recipes and theories we have all heard on the so called "unity debate", one essential element is to have a national government that is able to get agreement from the provinces. I am convinced our new government could get significant agreement, as Mr. Trudeau, demonstrably cannot.

Regarding institutional change, we would leave the Senate alone for a while and concentrate our attention on restoring some power to the House of Commons. The Trudeau government has systematically deprived Parliament of power and information. That is one of the reasons the nation is in such trouble today. We would start with effective freedom of information legislation. We would empower the then Leader of the Opposition to designate at least two government departments whose estimates would be subject to debate without deadlines. We would strengthen the rights and resources of Parliamentary committees, so they could undertake effective inquiries on their own initiative. And we would allow more private member's bills to come to a vote instead of always being "talked out" by government members.

Let me come back to the economy. When Mr. Trudeau took office, Canada had the second highest standard of living in the world. Today we have the seventh. Our unemployment rate is the worst in the industrial world -- our inflation rate, the second worst, second only to Italy. Hardly the record of a "healthy country in a difficult world".

The worst response would be to pretend that there is nothing we can do. Because there is a road to recovery, but taking it involves a fundamental change in the government's attitude towards stimulus -- and toward the private sector.

Our economy is going well below potential. Instead of real growth of 5%, the Convergence Board says we will be fortunate to achieve 4% this year and 3.7% in 1979.

We are paying an enormous price for that economic shortfall. According to the Conference Board, real growth of even 4.75%, and an unemployment rate of 5.5%, would produce forty-one billion dollars more in new wealth over the next two years -- wealth that could be used to generate new investment and new jobs. The Board also estimates that, achieving those growth and employment target this year and next, would increase the tax revenues of federal and provincial government by more than 13 billion dollars -- revenues which would help bring the government financial account into much better balance.

It is not simply individual policies that are lacking now. There is no coherence to Canadian economic policy -- no commitment to realistic targets -- and no overall sense of direction. That policy direction is what is most essential now, and that is what we would provide in our Speech from the Throne.

The first objective of our economic policy must be to generate new wealth.

I was amazed that only two weeks ago in Willowdale, Mr. Chretien would describe the current restraint program as a "pause" after which -- to use his words -- "we can get on again with redistributing wealth." That is a prescription for new economic disaster. The priority -- for at least the next five years -- must be to enlarge the economic pie, not slice it into thinner and thinner pieces.

As a second objective, our Throne Speech would make it absolutely clear that we look to private initiative to generate the new wealth we need. People -- not governments -- build countries. The role of government is to support private enterprise and initiative, not to replace it.

Our third objective would be to bring a climate of openness and certainty to economic policy-making. Openness so Canadians know not only what is being done, but the background information on which decisions are made. And certainty so they can plan knowing that today's policies will not be abandoned or reversed tomorrow.

Finally, we will accept our responsibility to lead in making the difficult choices that will be the basis of a coherent development strategy for the Canadian economy, building upon the natural strengths of Canada. Our government will work with its major economic partners in identifying those strengths and, once identified, will support them through tax, tariff and other policies.

Those are the economic objectives which a Progressive Conservative government would emphasize in our Speech from the Throne. To implement them we would place before Parliament these specific programs.

First, we would bring in a growth budget to provide major stimulus to the Canadian economy. There simply is no other way to get the economy growing again, to create the jobs we so desperately need, and indeed to get government tax revenues growing so we can reduce the deficit.

Our stimulus package will include: a cut in federal personal income taxes of at least \$2 billion targeted toward lower and middle-income families . . . tax deductibility of mortgage interest and property taxes up to prescribed limits and phased in over four years . . . and specific incentives to encourage research and development, to protect both capital gains and inventory accounting from inflation, and to provide a special credit for investment in small business.

Second we will introduce a restraint program that is both permanent and purposeful. We will cut government operating costs by putting a virtual freeze on new public service hiring for at least three years and by cutting contract and public relations budgets by at least 25 per cent. We will get government out of areas in which it doesn't belong by selling some crown agencies into private ownership and subjecting others that have outlived their mandate to a "sunset law".

We will introduce permanent cost-control techniques like zero-based budgetting. As I already have noted, we will strengthen Parliament's control over the public purse.

Third, we will reverse the current government's penchant for sticking its nose into everyone's business by reducing over-regulation and duplication of federal and provincial services. I will assign responsibility for deregulation

to a specific minister and give him a firm deadline for specific recommendations -- not toss that obligation off to the Economic Council. And I will begin within three months of forming a government to negotiate with the provinces to eliminate costly and unnecessary overlapping in programs and services:

Fourth, we will open up government. Our freedom of information bill will define limited and specific exceptions and provide for independent arbitration of disputes. As an important step toward increasing public knowledge and debate on economic policy, we will empower the Commons Finance Committee to hold full-scale pre-budget hearings in which current economic problems and available policy options can be fully explored and debated with outside experts and groups.

Fifth, once we have dealt with our growth budget, we will convene a major conference involving the provinces, industry and labour to develop the framework of an effective industrial policy. This will be a substantive meeting, lasting for several days and leading to concrete decisions. I am convinced from the brief opportunity I had some weeks ago at Montebello to explore these questions with provincial, business and labour leaders that we can get agreement on our industrial development priorities and the action necessary to achieve them.

That, then is the kind of Throne Speech a Progressive Conservative government would present to Parliament next week. It would make clear our direction for the country -- and the programs we would propose to get there. It would be designed, above all, to give Canadians a new sense of confidence that their national government understands the economic problems facing us and has a clear and responsible program to deal with them.

Canadians need that sense of direction. Canadians deserve that kind of leadership. Had there been an election this summer, that is the kind of program I would be bringing to Parliament. Many of our initiatives are stolen by the other side. I sincerely hope this will be among them.