

COMMON SENSE IN A THINK TANK

NOTES FOR AN ADDRESS TO BE GIVEN BY  
THE HONOURABLE JOHN B. AIRD, Q.C., LL.D.,  
CHAIRMAN OF THE INSTITUTE FOR RESEARCH ON  
PUBLIC POLICY, TO THE CANADIAN CLUB,  
TORONTO, AT THE ROYAL YORK HOTEL,  
APRIL 26, 1976.

I AM INDEED GRATEFUL FOR YOUR MOST KIND  
INTRODUCTION, MR. CHAIRMAN. I AM SORRY THAT I WAS UNABLE  
TO MEET THE EARLIER DATE AND CONSIDER THAT IT WAS GENEROUS  
OF THE CANADIAN CLUB TO GIVE ME A SECOND CHANCE. YOUR  
INVITATION IS A SIGNIFICANT HONOUR AND AN OPPORTUNITY TO  
TELL YOU SOMETHING ABOUT THE INSTITUTE FOR RESEARCH ON  
PUBLIC POLICY--OR THE "THINK TANK"--OF WHICH I AM CHAIRMAN.

LET ME GIVE YOU A STATUS REPORT AND BEGIN BY  
DESCRIBING THOSE FACTORS WHICH MAKE THE INSTITUTE UNIQUE  
AND WILL ENSURE THE INTEREST OF GOVERNMENTS AND THE PUBLIC.

I WOULD LIKE TO DISCUSS TWO ASPECTS OF THIS  
WITH YOU. FIRST, THE INSTITUTE ITSELF, THE REASONS FOR  
ITS EXISTENCE AND ITS PROSPECTS FOR SUCCESS.

AND SECONDLY, TRY TO ANSWER THE QUESTION--  
WILL GOVERNMENTS OR ANYONE ELSE PAY ATTENTION? FOR THE  
BUSINESS OF THE INSTITUTE IS TO INFORM PUBLIC DISCUSSION

AND PUBLIC DEBATE. AND, I CAN ASSURE YOU THAT I INTEND TO BE AS HARD-NOSED ABOUT THE EFFORTS OF THE INSTITUTE AS I KNOW YOU ARE ABOUT YOUR OWN UNDERTAKINGS.

IS IT POSSIBLE FOR THERE TO BE "COMMON SENSE IN A THINK TANK" OR IS THE TITLE OF MY ADDRESS SIMILAR TO THE PHRASE "MILITARY INTELLIGENCE" WHICH SOME PEOPLE BELIEVE TO BE ABSOLUTELY IMPOSSIBLE.

I SUPPOSE WE HAVE ALL HAD SOME UNHAPPY EXPERIENCES WITH RESEARCH AND REPORTS THAT HAVE BEEN SHELVED--NEVER LOOKED AT--NEVER ACTED UPON.

WHAT MAKES THIS INSTITUTE DIFFERENT? WHY WILL GOVERNMENTS PAY ATTENTION? WHY DOES IT HAVE A REAL CHANCE OF BEING EFFECTIVE?

THE ANSWER IS THAT BOTH THE FEDERAL GOVERNMENT AND MOST OF THE PROVINCIAL GOVERNMENTS WILL HAVE PARTICIPATED IN FINANCING THE INSTITUTE AND ALL WILL PARTICIPATE IN ITS DECISION-MAKING PROCESS IN PARTNERSHIP

WITH THE PRIVATE SECTOR. THIS IS THE CORNERSTONE OF THE INSTITUTE--A THREE-WAY PARTNERSHIP BETWEEN THE FEDERAL GOVERNMENT, PROVINCIAL GOVERNMENTS, AND THE PRIVATE SECTOR-- WHICH MUST INCLUDE LABOUR, BUSINESS AND INTERESTED CITIZENS. IT IS THE GEARING-UP OF THE FIRST TWO-THIRDS OF THIS PARTNERSHIP TO WHICH I HAVE DIRECTED MY OWN EFFORTS FOR THE PAST YEAR. I HAVE CONCLUDED, AND I HAVE THE FULL SUPPORT OF THE MEMBERS OF THE INSTITUTE ON THIS POSITION, THAT NO WIDESPREAD APPEAL WILL BE MADE TO THE PRIVATE SECTOR UNTIL THE RESPECTIVE GOVERNMENTS HAVE AGREED TO A COMMON FORMULA OF SUPPORT AND COMMITMENT.

I AM GLAD TO REPORT THAT SEVEN OUT OF TEN OF THE PROVINCIAL GOVERNMENTS HAVE SO AGREED AND THAT NEGOTIATIONS ARE CONTINUING WITH THE OTHER THREE PROVINCES. FURTHER, IT IS MY UNDERSTANDING THAT SOME OF THE PREMIERS WHO ENTHUSIASTICALLY SUPPORT THE INSTITUTE WILL RAISE THIS

IMPORTANT MATTER WHEN THE FIRST MINISTERS NEXT GET TOGETHER, WHICH I UNDERSTAND WILL BE EARLY IN MAY.

I MUST SAY THE SUPPORT AND ENCOURAGEMENT OF THE PROVINCE OF ONTARIO HAS BEEN OUTSTANDING AND ITS LEADERSHIP IN THIS REGARD IS MOST GRATEFULLY ACKNOWLEDGED.

HOPEFULLY, ALL THE PROVINCES WILL MAKE SOME FORM OF MONETARY COMMITMENT TO THE INSTITUTE. AND BECAUSE OF THEIR INVOLVEMENT, THE PERFORMANCE OF THE INSTITUTE WILL VERY MUCH MATTER TO THE PROVINCES; IN OTHER WORDS, THE RESULTS FROM THE INSTITUTE WILL BE RELEVANT TO THEM AS WELL AS TO THE FEDERAL GOVERNMENT WHICH HAS UNDERTAKEN TO MATCH CONTRIBUTIONS TO THE ENDOWMENT FUND, DOLLAR FOR DOLLAR, UP TO A TOTAL OF \$10 MILLION UNTIL 1979. AS I HAVE SAID BEFORE, WHEN THIS RELATIONSHIP BETWEEN THE RESPECTIVE GOVERNMENTS IS FIRMLY ESTABLISHED, IT IS THE INTENTION OF THE INSTITUTE TO BEGIN A CAMPAIGN FOR FUNDS FROM THE PRIVATE SECTOR.

AND THE PRIVATE SECTOR SHOULD BE INTERESTED!

THESE LAST WORDS ARE NOT A RHETORICAL FLOURISH ON MY PART. AS SOME OF YOU KNOW, I HAVE HAD EXPERIENCE WITH MANY DIFFERENT TYPES OF INSTITUTIONS--PUBLIC AND PRIVATE--AND I BELIEVE THAT THE STRUCTURE OF THE INSTITUTE IS UNIQUE IN CANADA--AND INDEED THE WORLD. THE INSTITUTE WILL NOT ONLY ASK FOR MONEY BUT TIME, IDEAS AND WHEN WE CAN ARRANGE IT, SOME OF YOUR PEOPLE TO WORK WITH US ON SPECIFIC PROJECTS.

LET ME BE EVEN MORE EXPLICIT. GOVERNMENT IS NOT A MONOLITHIC BEAST ANYMORE THAN CORPORATIONS ARE MONOLITHIC. THEREFORE, WITH GOOD IDEAS AND GOOD PEOPLE FROM ALL AREAS OF CANADIAN SOCIETY, THE INSTITUTE WILL BE ABLE TO PRODUCE REPORTS AND INFORMATION ON PUBLIC POLICY WHICH ALL CAN USE.

THE INSTITUTE, OPERATIONAL SINCE JULY 1974, IS RESPONDING TO A NEED IN CANADA, IDENTIFIED IN THE SPEECH

FROM THE THRONE IN SEPTEMBER 1968, FOR AN INDEPENDENT INSTITUTION "WHERE LONG-TERM RESEARCH AND THINKING CAN BE CARRIED OUT INTO GOVERNMENTAL MATTERS OF ALL KINDS."

AT THIS POINT, I WOULD LIKE TO MENTION SEVERAL EXAMPLES OF WORK CURRENTLY UNDERWAY--THE RESULTS OF WHICH WILL BE AVAILABLE THIS YEAR--AND LATER I WILL COMMENT ON WORK THE INSTITUTE HOPES TO UNDERTAKE IN THE VERY NEAR FUTURE.

THIS YEAR, TWO REPORTS WILL BECOME AVAILABLE FROM THE INSTITUTE.

THE FIRST IS A STUDY BY DR. LEROY STONE WITH THE TITLE, "CANADIAN POPULATION PATTERNS: IMPLICATIONS FOR PUBLIC POLICY IN THE 1980'S". THIS REPORT IS IN THE HANDS OF THE PUBLISHER AND WILL BE AVAILABLE SOON.

THE SECOND REPORT, A STUDY ON COMMUNICATIONS AND TRANSPORTATION UNDER THE DIRECTION OF TRYGVE RINGEREIDE, WILL BE AVAILABLE LATER THIS YEAR. MR. RINGEREIDE IS

WORKING WITH THE INSTITUTE ON LOAN FROM BELL CANADA AND, OBVIOUSLY, THIS ARRANGEMENT WITH BELL CANADA IS AN EXCELLENT EXAMPLE OF THE INVOLVEMENT I TRUST THE PRIVATE SECTOR WILL HAVE WITH THE INSTITUTE.

PERHAPS OF MORE INTEREST TO A GROUP SUCH AS THIS IS A LARGE AND I BELIEVE SIGNIFICANT PROJECT ON "THE GROWTH OF THE PUBLIC SERVICE" WHICH THE INSTITUTE HAS JUST STARTED. I AM SURE MANY OF YOU KNOW THAT REAL INFORMATION, THE HARD FACTS, ON THE GROWTH IN SIZE OF THE PUBLIC SERVICE AT ALL LEVELS OF GOVERNMENT ARE NOT GENERALLY AVAILABLE. MOST OFTEN WE TALK ABOUT GOVERNMENT EXPENDITURES BUT SINCE THESE INVOLVE A LARGE NUMBER OF TRANSFER PAYMENTS THE GROWTH IN SPENDING DOES NOT NECESSARILY DESCRIBE THE GROWTH IN THE PUBLIC SERVICE ITSELF. FOR IT IS THE PEOPLE IN THE CIVIL SERVICE WHO GENERATE THE POLICIES WHICH INCREASINGLY CONSUME MORE AND MORE OF THE TAXPAYER'S DOLLAR.

I BELIEVE THIS ACCELERATING GROWTH IN THE PUBLIC SECTOR IS A FUNDAMENTAL THREAT TO OUR ECONOMY AND IF IT IS NOT STOPPED THE SAME SPIRAL WHICH HAS OCCURRED IN THE UNITED KINGDOM WITH SUCH DISASTROUS RESULTS WILL BE REPEATED IN CANADA.

WHILE UNWARRANTED GROWTH IN THE PUBLIC SECTOR IS ONE OF THE BIGGEST CULPRITS IN THE RECENT BOUT OF INFLATION, WE MUST AVOID PLAYING

-- WHO'S TO BLAME? --

WHEN YOU COME RIGHT DOWN TO IT, GOVERNMENT, BUSINESS AND LABOUR, ARE REALLY YOU AND I. SO WHEN WE LOOK AROUND FOR SOMEONE TO BLAME, WE'RE LOOKING IN A MIRROR AND SAYING, "YOU'RE TO BLAME." WE ARE CRITICISING OURSELVES AND, IF WE ACCEPT THAT, WE CAN STOP LOOKING FOR CONVENIENT AND UNREALISTIC SCAPEGOATS AND GET ON TO THE NEXT AND MOST IMPORTANT STEP--DECIDING WHAT WE'RE GOING TO DO ABOUT IT.

IN THIS SPIRIT OF FAIRNESS, I MUST PAUSE AND CONGRATULATE THE PROVINCE OF ONTARIO FOR NOT ONLY HOLDING THE LINE BUT FOR BEING ABLE TO OBTAIN AN ABSOLUTE REDUCTION IN THE NUMBER OF EMPLOYEES WORKING FOR THAT GOVERNMENT.

LET ME ALSO ASSURE YOU THAT THE INSTITUTE'S INTEREST IN THE GROWTH OF THE PUBLIC SECTOR WILL NOT END WITH A SINGLE STUDY. THIS FIRST STUDY INDICATES OUR VITAL INTEREST IN TACKLING AND CONTINUING TO MONITOR THIS MOST DIFFICULT PROBLEM.

IN THE SAME CONTEXT OF ACHIEVING BETTER UNDERSTANDING BETWEEN THE PRIVATE SECTOR AND GOVERNMENT, THE INSTITUTE IS SPONSORING A SERIES OF SEMINARS TO BRING EXECUTIVES AND GOVERNMENT OFFICIALS TOGETHER. THE FIRST OF THESE SEMINARS, I MIGHT SAY, WAS VERY SUCCESSFUL.

THESE ARE SOME OF THE THINGS THE INSTITUTE HAS DONE, IS DOING OR IS ABOUT TO DO DURING 1976.

NOW LET ME TELL YOU ABOUT WORK THE INSTITUTE  
HOPES TO UNDERTAKE IN THE VERY NEAR FUTURE.

I AM SURE THAT I DO NOT NEED TO REMIND YOU OF  
THE LITANY OF PROBLEMS WHICH FACE NOT JUST CANADIANS BUT  
EVERYONE IN THE WORLD: POLLUTION, ENERGY, FOOD, INFLATION,  
THE ENVIRONMENT AND THE VERY CONDITION OF THE AIR WE  
BREATH. IN FACT, THINGS SEEM SO BAD THAT THERE IS A  
WHOLE SCHOOL OF THOUGHT OUT THERE THAT SAYS THERE ARE NO  
OPTIONS--THAT THERE ARE NO SOLUTIONS.

THE CONVENTIONAL WISDOM IS TO BE PESSIMISTIC--  
ABOUT NEARLY EVERYTHING. THE CONVENTIONAL WISDOM IS TO  
SAY A GAS-TANK IS HALF-EMPTY.

I DO NOT SHARE THE PREVAILING PESSIMISM. IT IS  
AS TRUTHFUL AND MORE HELPFUL TO DESCRIBE THE GAS-TANK AS  
HALF-FULL.

IN THE PRESENT SITUATION, EVERYONE MUST MAKE  
UP THEIR MIND ABOUT WHAT THEY PERSONALLY WANT TO DO--

AND CAN DO. THIS DECISION MAY BE AS COMPLICATED AS CHANGING AN ENTIRE LIFESTYLE OR AS SIMPLE AND FUNDAMENTAL AS DECIDING TO DRIVE MORE SLOWLY.

I KNOW IT'S EASY TO SOUND LIKE A TYPICAL BOY SCOUT AND TALK ABOUT THRIFT, DISCIPLINE, WORK AND THE IMPORTANCE OF ATTITUDE. BUT I MUST, AND WILL, TALK ABOUT THESE FUNDAMENTAL VALUES--WITHOUT APOLOGY--FOR WE LIVE IN, AND HAVE ALWAYS LIVED IN, A WORLD THAT REQUIRES VIRTUES SUCH AS WORK AND THE BELIEF THAT WITH EFFORT, CHANGE FOR THE BETTER CAN BE ACHIEVED. THE WORLD HAS NEVER BEEN MUCH DIFFERENT THAN IT IS NOW--IT HAS ALWAYS BEEN THE CASE THAT WHEN THINGS SEEM WORST YOU MUST NOT QUIT.

THERE ARE PROBLEMS, OF COURSE, AND IT WOULD BE A PECULIAR PROBLEM IF IT DID NOT HAVE THE POSSIBILITY OF A SOLUTION. BUT SOLUTIONS CAN ONLY COME FROM IDENTIFYING PROBLEMS AND THEN GETTING TO KNOW SOMETHING ABOUT THEM.

INDEED, THE VERY FACT OF THINKING ABOUT SOMETHING AS A PROBLEM IS ONE KEY TO ITS SOLUTION.

SUCCESS IS FAILURE TURNED INSIDE OUT.

AT THE INSTITUTE WE HAVE BEEN THINKING AND ARGUING IN A FRIENDLY MANNER ABOUT SOME ISSUES OR PROBLEMS WHICH I WOULD LIKE TO SHARE WITH YOU BECAUSE THESE TYPES OF CONCERNS ARE AREAS IN WHICH THE INSTITUTE WILL SOON START WORK.

HOW MANY HERE HAVE THOUGHT ABOUT THE GROWING MISMATCH BETWEEN THE EDUCATION PEOPLE ARE ACQUIRING, THEIR JOB EXPECTATIONS AND THE LIKELY SHAPE OF THE JOB MARKET? IF PRESENT TRENDS CONTINUE, BY 1980 THERE WILL BE A SHORTAGE OF WORKERS--SKILLED AND UNSKILLED--AND A SURPLUS OF WELL-EDUCATED JOB APPLICANTS.

SUCH A SITUATION COULD BE DISASTROUS FOR PEOPLE'S ATTITUDES TO WORK AND THE FABRIC OF THEIR LIVES. BUT THERE WILL BE MORE THAN DISAPPOINTMENT AND PERSONAL UNHAPPINESS,

FOR CANADA MAINTAINS A HUGE INDUSTRY DEVOTED TO EDUCATION. AN INDUSTRY, WHICH HAS MUSHROOMED TO COPE WITH THE POST-WAR BABY BOOM, MUST NOW CONTRACT BECAUSE THE LESSENER DEMAND FOR EDUCATION REFLECTS A DECLINING BIRTHRATE.

THESE CHANGES HAVE CONTRIBUTED TO FALLING PUPIL-TEACHER RATIOS, INCREASING COSTS AND THE UNIONIZATION OF TEACHERS. AT THE SAME TIME, A LIBERAL ARTS DEGREE WHICH WAS ONCE A RESPECTED CREDENTIAL IS NOW OF LESS VALUE IN THE JOB MARKET.

IN FACT, I THINK, MANY SKILLED TRADESMEN WILL MAKE MORE MONEY DURING THEIR LIFETIME THAN SOME RECENT UNIVERSITY GRADUATES.

IN THE NEXT FEW YEARS, CANADA WILL NEED MORE SKILLED AND UNSKILLED WORKERS THAN IT WILL NEED LIBERAL ARTS DEGREES. UNFORTUNATELY, CANADA IS LIKELY TO HAVE A SURPLUS OF PHILOSOPHY STUDENTS AND A SHORTAGE OF WELDERS.

THIS MISMATCH IS A CLASSIC EXAMPLE OF THE TYPE OF PROBLEM THE INSTITUTE SHOULD BE CONSIDERING, FOR WITHIN THIS ISSUE IS A HOST OF PROBLEMS--INCREASING EDUCATIONAL COSTS, OVER-EMPLOYMENT IN THE SCHOOL SYSTEM, A DECLINING BIRTHRATE, THE OVER-CONSUMPTION OF CERTAIN KINDS OF EDUCATION, RIGIDITIES IN THE LABOUR MARKET--WHICH ARE PARTLY ENCOURAGED BY UNIONS AND PROFESSIONAL ASSOCIATIONS-- AND AN INCREASINGLY MILITANT CONFRONTATION BETWEEN TEACHERS, THEIR EMPLOYERS AND THE GOVERNMENT ITSELF.

ONE ASPECT OF THE CRISIS IS ALREADY WITH US-- THE CONFRONTATION BETWEEN TEACHERS AND THEIR EMPLOYERS-- AND I BELIEVE IT IS SELF-EVIDENT THAT WITHIN FOUR YEARS THE MISMATCH BETWEEN EDUCATIONAL ATTAINMENT AND THE NATURE OF THE JOB MARKET WILL BE SERIOUS.

ARE WE DOOMED TO SIT BACK AND WAIT UNTIL EACH AND EVERY CRISIS IS UPON US OR ARE WE CAPABLE OF LOOKING AHEAD, THINKING AND THEN DOING SOMETHING INTELLIGENT?

THE TIME FOR STUDY IS BEFORE THE CRISIS, NOT  
IN THE MIDDLE OF IT, AND CERTAINLY NOT AFTERWARDS.

AS I IMPLIED EARLIER, I AM DECIDEDLY UNCONVEN-  
TIONAL. I AM A DEVOUT OPTIMIST. SO WHO WILL DO THE  
APPROPRIATE STUDY AND SUGGEST SOME ANSWERS:

-- NOT THE GOVERNMENT

-- NOT THE TEACHERS

-- NOT THE UNIONS

AND NOT THE PRIVATE SECTOR.

I SUGGEST TO YOU THAT AN INDEPENDENT BODY LIKE  
THE INSTITUTE CAN RENDER A REAL SERVICE IN STUDYING  
PROBLEMS OF THIS TYPE. FOR EXAMPLE, THE PEOPLE WHO WERE  
BORN DURING THE POST-WAR BABY BOOM WILL, AS THEY GROW  
OLDER AND REACH MATURITY, INFLUENCE HEALTH SERVICES,  
PENSIONS AND NURSING HOMES JUST AS, WITHOUT INTENDING TO,  
THEIR ARRIVAL BROUGHT IRREVOCABLE CHANGES TO OUR SYSTEMS  
OF EDUCATION.

THE IMPORTANT POINT TO BE MADE HERE IS THAT SOMEONE AT ARMS-LENGTH FROM A PROBLEM MUST IDENTIFY IT, AND THEN PRESENT POSSIBLE SOLUTIONS TO THOSE MORE DIRECTLY INVOLVED.

I AM IN RELATIVELY GOOD HEALTH AND NOT ABOUT TO RETIRE. SO FROM THIS POSITION I FEEL SAFE IN MAKING A FEW CAUTIOUS REMARKS ABOUT RETIREMENT AND PENSIONS. THE MOST OBVIOUS THING ABOUT PENSIONS IS THAT THEY ARE NOT PORTABLE.

AT A CERTAIN POINT IN ONE'S LIFE IT BECOMES DIFFICULT AND EXPENSIVE TO CHANGE JOBS. AND WHILE WE MUST WORK, IT WOULD BE BENEFICIAL FOR EVERYONE, YOU AND ME, IF IT WERE EASIER TO CHANGE JOBS FROM TIME TO TIME. THIS WOULD INCREASE MOBILITY IN THE LABOUR FORCE AND ELIMINATE AN IMPORTANT IMPEDIMENT TO ADVANCEMENT IN AN OPEN SOCIETY.

I THINK YOU CAN IMAGINE THE SOCIETY WE COULD EASILY INHERIT IF EVERYONE MOVED TO PROTECT THEMSELVES

BEHIND A WALL OF EDUCATIONAL CERTIFICATES, GRANDFATHER CLAUSES, SENIORITY AND RIGID PENSION PLANS. IN MANY WAYS, WE ARE NOT FAR FROM SERIOUSLY LIMITING THE OPENNESS OF OUR SOCIETY.

WHEN THE LATE JOHN DEUTSCH (A FOUNDING MEMBER OF THE INSTITUTE WHO FIRST ENTERED QUEEN'S UNIVERSITY AS AN EXTRAMURAL STUDENT) BECAME PRINCIPAL OF THAT UNIVERSITY, HE WONDERED IF A STUDENT FROM HIS BACKGROUND--THE SON OF IMMIGRANT HOMESTEADERS--WOULD BE ADMITTED TO QUEEN'S TODAY. THE POSSIBLE END OF OUR RELATIVELY OPEN SOCIETY IS SOMETHING JOHN DEUTSCH FEARED AND IT IS SOMETHING WE SHOULD GUARD AGAINST EVERY DAY OF OUR LIVES.

JUST AS RIGIDITY IN PENSION PLANS IS ONE TYPE OF LOCK-STEP, SO ANOTHER LOCK-STEP IS OUR NOTION THAT WE SHOULD ALL RETIRE AT A CERTAIN AGE BE IT 65, OR 55, OR 45. IF EVERYONE RETIRED NOW, WE CAN IMAGINE THE RESULT.

QUITE SIMPLY, THE LIGHTS IN THIS BUILDING WOULD GO OUT AND THE ELEVATORS WOULD STOP. I HATE TO POINT OUT THE OBVIOUS, LADIES AND GENTLEMEN, BUT IN ORDER FOR SOMEONE TO RETIRE, IN THE ORDINARY COURSE OF EVENTS SOMEONE ELSE HAS TO CONTINUE WORKING.

ANOTHER INTERESTING AREA OF RESEARCH THAT THE INSTITUTE MIGHT LOOK AT IS HOW THE MOTIVATIONS OF CIVIL SERVANTS DIFFER FROM THOSE OF PEOPLE OUTSIDE GOVERNMENT. FOR EXAMPLE, I KNOW MOST PEOPLE ARE COUNTING ON SOME ASSISTANCE FROM THEIR PENSIONS WHEN THEY RETIRE. UNFORTUNATELY, IT IS NOW CLEAR, THAT PENSIONS WILL BE ERODED BY INFLATION TO A FRACTION OF THEIR ANTICIPATED VALUE. HOWEVER, THIS DOES NOT APPLY TO CIVIL SERVANTS OR ELECTED OFFICIALS IN THOSE CASES WHERE THEIR PENSIONS ARE INDEXED.

SURELY WE SHOULD ASK HOW PEOPLE WITH INDEXED PENSIONS CAN HAVE A REAL AND CONTINUING INTEREST IN

REDUCING INFLATION WHEN THEY ARE PARTIALLY INSULATED FROM ITS EFFECTS.

IN A SITUATION LIKE THIS--WHERE SOME ARE TREATED SO DIFFERENTLY--INDEXED PENSIONS ARE INFLATIONARY.

IN FACT, INDEXED PENSIONS AT PRESENT ARE DOUBLY INFLATIONARY. FIRST THEY AFFECT THE WAY CIVIL SERVANTS VIEW THE WORLD. SECONDLY, THEY ARE INFLATIONARY IN AND OF THEMSELVES. AND IN THESE DAYS OF WELCOME GOVERNMENT COST-CUTTING, SURELY THIS IS AN AREA THAT MERITS INTENSE SCRUTINY. AT PRESENT THESE PENSIONS ARE THE SOURCE OF AN OPEN-ENDED AND PERPETUALLY ESCALATING COST FOR GOVERNMENT.

I STRONGLY URGE THAT THE GOVERNMENT DECLARE AN IMMEDIATE MORATORIUM--A FREEZE--ON ANY INCREASES FOR INDEXED PENSIONS RELATED TO THE COST-OF-LIVING UNTIL THE ANTI-INFLATION BOARD IS DISBANDED OR UNTIL THE INFLATIONARY SPIRAL IS BROUGHT UNDER CONTROL.

I ALSO WANT TO SUGGEST THAT PENSION PLANS MUST BE RE-EXAMINED WITH A VIEW TO MAKING PENSIONS AS PORTABLE AS POSSIBLE.

THERE ARE OTHER PROBLEMS WITH US NOW--OR SOON TO BE WITH US--WHICH READILY SUGGEST SCENARIOS OR RESEARCH TOPICS WHICH THE INSTITUTE SHOULD DEVELOP.

FOR EXAMPLE: WHAT WOULD CANADIAN SOCIETY LOOK LIKE AFTER, SAY A DECADE OF DOUBLE-DIGIT INFLATION?

WHAT WOULD CANADIAN SOCIETY LOOK LIKE WITHOUT INTERNATIONAL TRADE?

WHAT ARE THE CHARACTERISTICS AND CONSEQUENCES OF ZERO GROWTH FOR CANADA?

I WILL FOCUS ON THIS PROBLEM OF ZERO GROWTH, FOR A MOMENT, BECAUSE IT SEEMS LESS DISTURBING THAN IMAGINING-- IMMEDIATELY AFTER LUNCH--WHAT CANADA WOULD LOOK LIKE WITHOUT ANY INTERNATIONAL TRADE.

AT THE INSTITUTE, WE HAVE TALKED ABOUT THE NEED FOR A STUDY OF ZERO GROWTH FOR CANADA BECAUSE THE PRESENT DEBATE IS CLOUDY WITH PROBLEMS OF DEFINITION AND LITTLE OR NO WORK HAS BEEN DONE ON THE SPECIFICS OF THE CANADIAN SITUATION.

CANADA IS DIFFERENT THAN ENGLAND, OR EUROPE, OR AMERICA, AND AS MUCH AS WE SHARE WITH THOSE AREAS, WE ALSO SHARE OUR DIFFERENCES AND OUR DIFFERENCES REQUIRE KNOWLEDGE AND SOLUTIONS PARTICULAR TO CANADA.

ZERO GROWTH MAY NOT COME ABOUT BUT IT WOULD BE INFORMATIVE TO STUDY THE CONCEPT OF ZERO GROWTH ITSELF.

BEFORE CONCLUDING, I WOULD LIKE TO COMMENT ON THE PROBLEM OF INFLATION, IF I MAY.

INFLATION IS LIKE A CAN OF SPRAY PAINT THAT TURNS THE ENTIRE CANVAS OF OUR NATIONAL LIFE A DARKER HUE. WE MUST FIGHT IT. AND THE ART OF ECONOMICS BEING WHAT IT IS--NOT AN EXACT SCIENCE, BY ANY MEANS--PRODUCES DIFFERING

OPINION ABOUT WHICH METHODS WILL BEST DEFEAT INFLATION.

OUR FEDERAL GOVERNMENT HAS CHOSEN TO USE WAGE AND PRICE CONTROLS AS ITS PRINCIPAL WEAPON. AND WE HAVE ALMOST AS MANY REACTIONS TO THIS AS WE HAVE AUTHORITIES. SIMON REISMAN, FORMER DEPUTY MINISTER OF FINANCE, WHO NO DOUBT HAD A MAJOR HAND IN DEVISING THE GOVERNMENT POLICIES THAT EITHER PERMITTED OR ENCOURAGED OUR PRESENT SITUATION, SAYS THAT THE ROOT CAUSE OF INFLATION IN CANADA, AND IN OTHER COUNTRIES, HAS BEEN THE EXCESSIVE BUILD-UP OF DEMAND PRESSURES OVER MANY YEARS THROUGH MONETARY AND FISCAL EXPANSION: IN PLAIN ENGLISH, GOVERNMENT PRINTING AND SPENDING TOO MUCH MONEY.

LET ME MENTION ONE SIMPLE STATISTIC AND YOU DRAW YOUR OWN CONCLUSION. THE CANADIAN TAX FOUNDATION CALCULATES THAT TOTAL GOVERNMENT SPENDING IN CANADA ROSE FROM THE EQUIVALENT OF 27.4% OF THE GNP IN 1954 TO 42.9% IN 1975. NEED I SAY MORE.

WHAT IS REQUIRED AT THIS MOMENT IS A PRAGMATIC AND COMMON-SENSE APPROACH AND I COMMEND TO YOU THE FOLLOWING OBSERVATIONS MADE BY JOHN CRISPO, A MEMBER OF THE FACULTY OF MANAGEMENT STUDIES AT THE UNIVERSITY OF TORONTO AND A MAN WHOSE OPINIONS I RESPECT. CRISPO HAS SAID, "IT SHOULD BE STRESSED OVER AND OVER AGAIN THAT WAGE AND PRICE CONTROLS ONLY DEAL WITH THE SYMPTOMS OF INFLATION. THE CAUSES LIE IN POWER AND ITS ABUSE WHICH ARE TO BE FOUND IN EVERY SECTOR OF OUR ECONOMY. . .NO MATTER HOW GOVERNMENT TRIES TO REDISTRIBUTE INCOME, IT WILL ONLY ENGENDER MORE INFLATION IF THE UNDULY-STRONG ARE ALLOWED TO CONTINUE TO USE THEIR POWER TO ENSURE THAT NO SUCH REDISTRIBUTION TAKES PLACE AT ANY COST TO THEM.

PARAPHRASING CRISPO, THE MOST IMPORTANT CHALLENGE

FACED BY THE ANTI-INFLATION BOARD IS THE NEED TO DEAL WITH THE UNDERLYING CAUSES OF INFLATION, OTHERWISE IT WILL BE DIFFICULT TO REMOVE CONTROLS WITHOUT RELEASING DISASTROUS INFLATIONARY FORCES. IF THE CHALLENGE IS NOT MET, CONTROLS WILL TEND TO BECOME SELF-PERPETUATING.

CRISPO MAKES THREE SUGGESTIONS: FIRST, THERE MUST BE MUCH MORE STRINGENT FISCAL SPENDING RESTRAINTS AT ALL LEVELS OF GOVERNMENT. SECOND, THERE MUST BE STEADY AND SIGNIFICANT REDUCTIONS IN THE RATE OF INCREASE IN THE MONEY SUPPLY. AND THIRD, THERE MUST BE MAJOR STRUCTURAL REFORMS SUCH AS AN EVEN-HANDED FEDERAL-PROVINCIAL CRACKDOWN ON POWER AND ITS ABUSE WHEREVER THEY OCCUR IN THE ECONOMY SO THAT WHAT IS LEFT OF THE ENTERPRISE OR MARKET SYSTEM CAN CONTINUE TO FUNCTION EFFECTIVELY AND EFFICIENTLY.

IN OTHER WORDS, HE MEANS CONTROLS ARE A SHORT-TERM MEASURE TO PERSUADE PEOPLE THAT DRASTIC ACTION IS REQUIRED--ACTION THAT INCLUDES CHANGING HOW WE BEHAVE.

I WISH TO ADD A FEW PERSONAL COMMENTS ABOUT WAGE AND PRICE CONTROLS. I THINK THEY ARE A NECESSITY BUT I WOULD LIKE TO SEE THEM DISAPPEAR IN AN ORDERLY FASHION, AS SOON AS POSSIBLE. MEANWHILE, WAGE AND PRICE CONTROLS HAVE GOT TO WORK OR THIS COUNTRY IS IN FOR MORE SERIOUS ECONOMIC TROUBLE. AND, UNFORTUNATELY, IT SEEMS TO BE GENERALLY AGREED THAT THE ANTI-INFLATION BOARD DID NOT GET OFF TO A GOOD START.

IN ADDITION, THERE HAS BEEN OPPOSITION FROM LABOUR LEADERS BUT SURELY THIS WILL DECREASE IF THE CANADIAN PEOPLE ARE ASSURED THAT THE BOARD IS AS ANXIOUS TO CONTROL PRICES AS IT IS TO CONTROL WAGES.

I WOULD LIKE TO SUGGEST THAT IF THE ANTI-INFLATION BOARD IS GOING TO HAVE ANY REAL CREDIBILITY, IT HAS TO STATE THE RULES, THEN STICK TO THEM. ONLY CONSISTENCY WILL INSPIRE CONFIDENCE IN ITS EFFORTS.

FURTHERMORE, IT IS ONE THING TO DEFY THE ANTI-INFLATION BOARD IN ONE'S OWN COMPANY OR UNION IN THE HOPE THAT A HEARING WILL PROVE YOU RIGHT. IT IS QUITE ANOTHER TO GO AROUND THE COUNTRY ADVOCATING THAT PEOPLE SHOULD DEFY THE GUIDELINES, AND I SUBMIT THAT SUCH BEHAVIOUR WILL ONLY MAKE MATTERS WORSE. EACH AND EVERY ONE OF US MUST RECOGNIZE THAT IF WE DO NOT ACT RESPONSIBLY OUR ACTIONS WILL ONLY DAMAGE THE INSTITUTIONS THAT MAKE THIS COUNTRY WHAT IT IS.

ACTUALLY, WHEN YOU SIT QUIETLY AND THINK ABOUT IT FOR A WHILE, YOU CAN'T HELP BUT SUSPECT THAT WE ARE IN THE MIDST OF ONE OF THE GREAT TRANSFORMATIONS OF WESTERN CIVILIZATION. WHAT IS HAPPENING IS THAT IDEAS AND VALUES WHICH GUARANTEED OUR GREAT INSTITUTIONS LEGITIMACY, CONFIDENCE AND AUTHORITY ARE BEING QUESTIONED. THEY ARE BEING TRANSFORMED BY A CHANGING WORLD AND ARE BEING REPLACED BY DIFFERENT IDEAS AND DIFFERENT ASSUMPTIONS

WHICH ARE STILL ILL-FORMED, CONTRADICTIONARY AND OFTEN SHOCKING. CHANGES IN ETHICS AND IN THE DIRECTION IN WHICH SOCIETY IS MOVING DESERVE THOUGHTFUL ATTENTION AND CAREFUL ANALYSIS--THE KIND OF ANALYSIS THAT I TRUST WILL BE PROVIDED BY THE INSTITUTE FOR RESEARCH ON PUBLIC POLICY.

THANK YOU.