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# Challenges and Choices

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*We must now transform this agenda, marked as it is by a sense of present pre-occupations, into an agenda for action marked by a sense of Canada's future possibilities.*

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## Commissioners

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APRIL, 1984



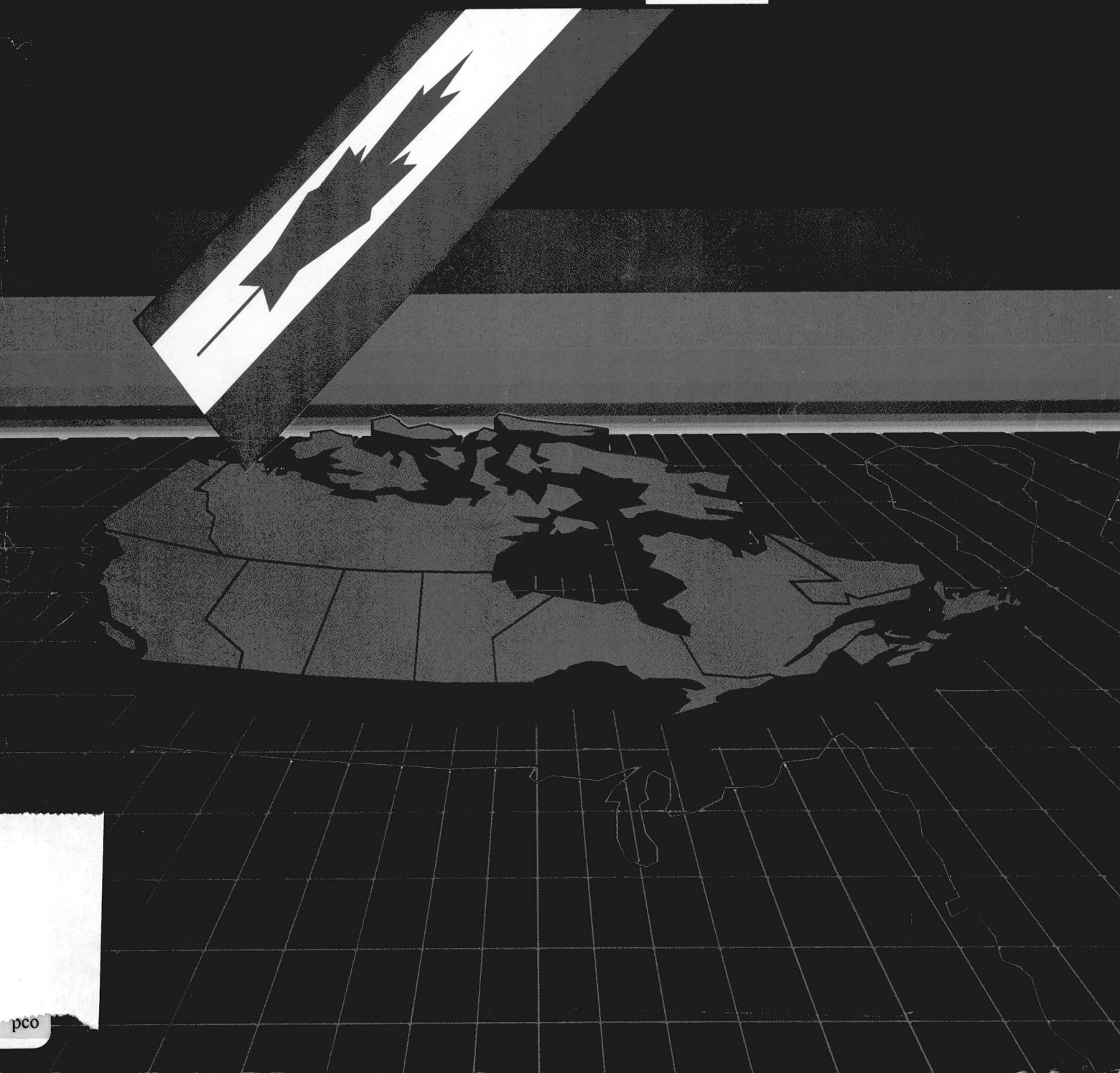
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# A Commission on Canada's Future

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*Challenges  
and Choices*

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Royal Commission on the  
Economic Union and  
Development Prospects  
for Canada



Commission royale sur  
l'union économique et les  
perspectives de développement  
du Canada

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# Contents

---

## *Preface* 5

DEFINING THE ISSUES:  
THE CONTRIBUTION OF CANADIANS

---

## *The Process* 6

CONFRONTING THE CHALLENGE:  
THE STEPS TO BE TAKEN

---

## *What we heard* 7

THE CENTRAL CONCERNS  
THE SETTING OF OUR HEARINGS  
THE LEGACY OF A TUMULTUOUS TIME  
CANADIANS AND THE ECONOMY  
EMPLOYMENT  
INFLATION  
TECHNOLOGY  
TRADE  
PRODUCTIVITY  
ENTREPRENEURSHIP  
RESOURCES  
EDUCATION  
LABOR AND MANAGEMENT  
THE SOCIAL PERSPECTIVE  
INTERGOVERNMENTAL RELATIONS  
NATIONAL INSTITUTIONS  
FROM CONCERNS TO CHALLENGES

---

## *Basic Challenges/ Basic Choices* 27

AGENDA FOR CONSULTATIONS

---

### *Jobs and Costs*

*The Challenges:* 30  
FULL EMPLOYMENT  
STABLE COSTS AND PRICES

*The Choices* 32

---

### *Trade and Industrial Development*

*The Challenges:* 34  
SECURE AND GROWING MARKETS  
BALANCED INDUSTRIAL DEVELOPMENT

*The Choices* 36

---

## Contents

<i>P</i> roductivity	<i>The Challenges:</i> WORLD CLASS TECHNOLOGY IMPROVED LABOR MANAGEMENT RELATIONS INDUSTRIAL INNOVATION	39
	<i>The Choices</i>	42
<i>E</i> ducation and Training	<i>The Challenges:</i> HIGH-QUALITY BASIC EDUCATION SYSTEMATIC LIFE-LONG LEARNING SKILLS TRAINING RE-TRAINING	46
	<i>The Choices</i>	48
<i>R</i> esources and the Environment	<i>The Challenges:</i> BENEFIT FROM RESOURCES ENHANCED ENVIRONMENTAL QUALITY	50
	<i>The Choices</i>	52
<i>S</i> ocial Support	<i>The Challenge:</i> A NEW CONSENSUS	54
	<i>The Choices</i>	55
<i>I</i> ntergovernmental Relations and The Economic Union	<i>The Challenges:</i> MORE HARMONIOUS RELATIONS AMONG GOVERNMENTS A STRONGER ECONOMIC UNION	57
	<i>The Choices</i>	60
<i>N</i> ational Institutions	<i>The Challenges:</i> MORE REPRESENTATIVE, RESPONSIVE POLITICAL INSTITUTIONS MORE OPEN, MORE ACCOUNTABLE BUREAUCRACY	64
	<i>The Choices</i>	67
	<i>Looking forward</i> FROM PRESENT CONCERNS TO FUTURE POSSIBILITIES	69
	<i>List of Briefs and Interventions</i>	70

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# Preface

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## Defining the issues: The contribution of Canadians

For 57 days this past autumn, the Commission listened to Canadians.

Our purpose was twofold:

First, it was to seek to understand the views and aspirations of Canadians in all regions and all walks of life.

Second, it was to enlist the help of Canadians to define the central issues to be addressed, in order—in the words of our Terms of Reference—“to realize Canada’s potential and to secure sustained economic and social progress”.

More than 1,000 individuals, organizations and governments made written submissions. More than 500 appeared at our public hearings to set out their views and respond to our questions.

What follows, then, is a set of challenges and choices distilled from the wealth of suggestions, ideas and material provided by Canadians during those 57 days and during the consultations with groups and individuals that preceded and followed our hearings.

It was not our objective in preparing this document to set out recommendations. Those who seek recommendations will not find them.

Rather, it was our objective—because we have a mandate of unprecedented scope and complexity—to set out an agenda of the issues and concerns that Canadians hold to be central. This will provide the basis for the more focused public comment, advice and guidance we require before making our recommendations.

So what follows is directed to the public and it has precise purposes.

First, it is a recounting of what we heard in the words of those who appeared before us—our understanding of what we were told—in terms of the central issues Canada faces for the future.

Second, it is an agenda of the priority challenges on which we seek the public’s advice.

Third, it is a set of choices as to how to meet those challenges—ideas for solutions advanced so that they can receive the benefit of public reaction prior to our making recommendations.

On the basis of this advice—as well as on the basis of analysis and conclusions drawn from the Commission’s research program—we will fashion those recommendations.

An outline of the Commission’s research program will be published shortly. This outline sets out the individual research projects that are under way as well as the process the Commission has established to integrate the findings into a cohesive framework for Canada’s future development.

We invite the comments and the thoughts of Canadians on these challenges and choices on the pages that follow.

And we seek the assistance of Canadians in transforming the agenda of CHALLENGES AND CHOICES into an agenda for action.

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# The Process

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## Confronting the Challenge: The steps to be taken

Canadians of all walks of life and of all interests participated in our first phase of consultations with the public.

We had invited them to consider their place in the Canada of the future and we asked, among others, the following questions:

DO WE HAVE, IN OUR ECONOMIC AND POLITICAL INSTITUTIONS, SUFFICIENT CAPACITY TO DEAL WITH THE UNEXPECTED, TO TURN ADVERSITY TO ADVANTAGE, TO TRANSFORM OPPORTUNITY TO ACHIEVEMENT, TO TRIM OUR SAILS RAPIDLY TO CAPTURE THE BENEFITS OF THE WINDS OF CHANGE?

WHAT ECONOMIC GOALS CAN SERVE AS A BEACON TO GUIDE US PAST THE SURPRISES? WHAT POLITICAL MEANS CAN WE DEVELOP TO NAVIGATE US THROUGH THE UNCERTAINTIES OF THE FUTURE?

The public response forms the basis for this document and provides the agenda for the second stage of our consultations with Canadians.

CHALLENGES AND CHOICES is the result of a cooperative effort. In our hearings last fall, we visited 28 cities across the country. At those hearings, and in written submissions, the public defined the issues, as we had hoped it would. We have grouped these issues into sets of challenges in order to provide a sharper focus than was possible in our first consultations.

Each challenge is followed by several choices, all of which are theoretically viable. We ask the public to tell us which of those choices are preferable. If a choice is not viable, tell us why. If there are other choices, tell us what they are.

We make no recommendations. Only when we have heard again from Canadians will we prepare our final report.

We seek the widest possible contribution from Canadians to this work. We invite the participation of individuals and organiza-

tions. Written submissions offering reactions to CHALLENGES AND CHOICES will be closely reviewed by the Commission. These submissions should be received by the Commission no later than July 31, 1984 at the following address:

SECRETARIAT  
ROYAL COMMISSION ON THE ECONOMIC UNION  
AND DEVELOPMENT PROSPECTS FOR CANADA  
P.O. Box 1268  
OTTAWA, ONTARIO  
K1P 5R3  
TELEPHONE: (613) 996-1166

Written submissions will be the most important way for Canadians to provide comments and suggestions. But we will also encourage vigorous discussion by organizing public debates in a small number of centres.

In five major centres Commissioners will meet with individuals from business, labor and voluntary organizations who will offer their views on the balance to be achieved among various choices. In each of the five centres the debates will conclude with an evening "Town Hall" meeting.

Participants in the debates will be invited on the basis of their previous contribution to the Commission's work and their expertise and leadership in public, voluntary, labor or business activities. The public will be welcome to attend the debates. The "Town Hall" meetings will be open to participation by all.

Dates and locations for these debates are as follows:

- MONTREAL, May 30, 31, June 1, 1984
- HALIFAX, June 4, 5, 6, 1984
- VANCOUVER, June 11, 12, 13, 1984
- CALGARY, June 18, 19, 20, 1984
- TORONTO, June 26, 27, 28, 1984

The Commission's recommendations will be made public in its final report. These recommendations will deal with the social, economic and institutional issues raised in the following chapters. They will be based on the response of Canadians to our agenda for debate. To this information we will add the results of the Commission's extensive research program. These two major sources will guide us in formulating our report.

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# What we heard

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## The central concerns

In our hearings last fall, we sought from Canadians their sense of Canada. They unrolled before us a human tapestry of great richness and variety.

Aspirations, mythologies, hopes, fears, plans, gripes, grievances, visions bright and dark and, yes, axes being ground and self-interest ingeniously served. All were woven into that tapestry and tightly knotted.

On the pages that follow, we will try to provide our sense of that tapestry. It is not our intention to be comprehensive. What Canadians told us and what they wrote to us now fills some 55,000 pages of type-script. Nor would it be useful in terms of the task immediately at hand.

That task is to define the central set of challenges Canada faces and, in the pages that follow, we seek to do that in terms of what Canadians said to us.

Those challenges, together with those we have drawn from our history, are set out in a subsequent section along with the choices they imply for Canadians.

## The setting of our hearings

Our concern, as we began our hearings, was the future, and how to find the course that the second largest country on earth might steer into that future.

We found that concern about the future widely shared. But we found, too, immense differences in terms of how far ahead Canadians were prepared to look.

There were some who cast their minds forward to far horizons, as we had hoped they would. But many others were concerned with the here and now. And many more were preoccupied with the problems of the immediate past and, to a surprising degree, couched their views in the language of ancient grievances that wells from the deeper reaches of our history as a country.

That they should have been preoccupied with immediate concerns during our hearings last fall is not surprising. We sought Canadians' views at a time when the imprint of great difficulty was fresh upon the country.

Those difficulties are worth noting. They were reflected in what Canadians told us and in what they wrote. In other circumstances, we might have caught a different reflection of their concerns.

At the time of our hearings, unemployment was over 11 per cent. That number was down from its peak, but falling slowly.

Inflation was nearing five per cent, rather than the 12 per cent that had prevailed some 16 months before. Interest rates were down, too, from their unprecedented levels of two years before but, well above inflation, reflected a continuing concern about future prices.

These numbers suggested an economy that was emerging from recession. But emerging to what?

Jobs had disappeared that would not reappear, because companies had dissolved in bankruptcy, or the stringencies of recession had brought retrenchment. If new jobs had appeared, many of them were different, requiring different skills. In addition, the labor force had grown.

To the preoccupation with the problems of immediate economic survival were added concerns that technology was altering—and had already altered—the economic landscape, blurring with uncertainty the contours of the future. New competition from the world economy added to this uncertainty. And new claims to social and economic equity were being advanced from new directions and with new force.

Beyond the economic difficulties lay political events of an historic order.

Two elections had called into question the national character of the two leading political parties. The first, in 1979, gave minimal Quebec support to the minority Progressive Conservative government. The second, in 1980, left the three westernmost provinces unrepresented on the benches of the majority Liberal government.

To this was added the question of Quebec's future in Canada which, long-building in intensity, had been heading since the provincial election of 1976 to its culmination in the promised referendum. Quebecers rejected the sovereignty proposition put to them by the provincial government. Soon after came the struggle that led to the patriation of the Constitution, together with an amending formula and a Charter of Rights and Freedoms, but without the agreement of Quebec.

The Charter is already reshaping our legal future and so those contours, too, are shadowed with uncertainty as they were not before.

To these events were added the consequences of the second major oil price surge in a decade. The price surge, later to ebb

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under the impact of world-wide recession, set off another struggle on energy pricing. The country was thus driven into a struggle that was to be waged side by side with the constitutional struggle that became intertwined with it, and was immensely complicated by the lack of elected government members from the three westernmost provinces.

Each of these events would have raised fundamental questions long to be debated.

Coming virtually simultaneously as they did, they drove a society to the basics of its existence and to questions that countries, once fashioned, seldom bring themselves to ask.

CANADA'S DEMOCRATIC CHARACTER, ITS INSTITUTIONAL STRUCTURE, ITS CAPACITY FOR NATIONAL COMMUNITY, ECONOMIC SECURITY AND SOCIAL EQUITY, ITS RELATIONSHIP TO THE WORLD, AND CANADIANS' RELATIONSHIP WITH EACH OTHER AND WITH THOSE WHO GOVERN—ALL WERE CAST UNDER THE HARSH LIGHT OF IDEAS IN CONFLICT.

So if, as we began our hearings, the armies that had marched ideas into battle had subsided into the truce of exhaustion, and many issues lay dormant for a time, the questions, because they were unanswered, cast their own shadows on the landscape of the future.

In these circumstances we went to Canadians, to seek their sense of Canada.

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## The legacy of a tumultuous time

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Let us begin where most Canadians began. Current difficulties, if they do not define the future Canadians want, are an important indication of the future they do not want. They also define the challenges involved in creating a different future—and that is our purpose.

In our hearings, economic concerns bulked large. But so did concerns about the public and private institutions through which political, social and economic decisions are made. To a striking degree, as their words will show, Canadians connect institutional failings with economic difficulties.

Finally, we found a pervasive concern with, and questioning of, the prevailing values of Canadian society. This is perhaps the most immediate legacy of the tumultuous period that preceded our hearings.

WHAT DOES CANADA STAND FOR AS A COUNTRY? WHAT VALUES DO CANADIANS HOLD TO BE CENTRAL? In a country that defies generalization, Canadians have in common at least a considerable doubt as to the answers, and an awareness of their importance.

We will return to the question of aspirations and values further on in this document.

Implicitly and explicitly, however, these questions—and the answers individual

Canadians would give—weave themselves through the words of Canadians that are recounted below.

In terms of the words quoted below, we have sought to set out viewpoints that are shared by individuals and groups other than those quoted. On occasion, we have edited for brevity or for grammar but, for the most part, the words are as they appear in the submissions made to us, either in writing or at our hearings. In any case, we hope we have accurately reflected the spirit and intentions of those who are quoted.

We have sought, as well, to quote individuals and private organizations rather than governments and, for the most part, have done so. Governments—federal, provincial and local—have already made a significant contribution in terms of the information and analysis they have offered us. We will be seeking their further assistance in terms of transforming the agenda of challenges and choices into recommendations for action.

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## Canadians and the economy

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TWO ISSUES WERE OF MAJOR CONCERN AT OUR HEARINGS: JOBS AND PRICES.

They are issues that never go away, even at the best of times. The circumstances in which our hearings took place had sharpened concerns about both, and particularly about employment. We will begin there, because, as we found, most economic discussions—whether about technology, trade or productivity—ultimately worked their way back to the issue of jobs.

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## The issue of employment

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In one dimension, this basic issue was reflected in concern for those now without employment. In another, it involved the fear that far more jobs than had been lost were threatened by technology, by high real rates of interest or by new, changing and more intense competition. And in yet another, it was reflected in the concerns of particular groups and particular areas of the country that they had both borne an undue burden in terms of existing unemployment and would continue to bear an undue burden in terms of future unemployment.

The social consequences of unemployment were well described to us. In a part of the country that most Canadians never see, we heard a particularly compelling description from Caroline Anawak concerning the 225 chronic unemployed of the Arctic village of Rankin Inlet:

*"They have been given a title, which is kind of sad, yet is very descriptive of how they spend the average day. They are called 'walk-arounds'. They are people who come out of the woodwork at noon. [They] sit*



around in the outlets. Then they proceed with nothing much to do after certain things close...except to walk around."

In another setting, one more familiar to most Canadians, the Unemployment Committee of Regina told us what unemployment meant to particular people:

*"It is being 18 years old, and being unable to get a job because you have no experience and no one will hire you in the first place so you can get experience. It is being 57 years old, and getting notice after 30 years of faithful service to your company, and watching your life savings evaporate while employers tell you that you have the credentials for the job, but they really want someone a little younger."*

Yet another view was provided by the Status of Women Action Group in Victoria:

*"We...consider that prolonged periods of unemployment for anyone are a tragedy. Not only does it contribute to a serious loss of productivity in terms of our national economic well-being, but more importantly, prolonged unemployment is a recipe for personal distress. This is not confined to the unemployed individual but has serious repercussions for her or his social relationships as well. Unemployment tears at the fabric of social life. It has been shown, for instance, that high unemployment is related to higher incidences of child abuse, wife battering, alcoholism, suicide, family breakdown, psychological neurosis and depression, to say nothing of other forms of economically-related deprivation."*

In multiple ways, in every part of this country, the human dimension of unemployment was described to us. If there is a summary, it was best expressed in the words of the Grade 13 class of South Grenville District High School, in Ottawa: "As students, we do not wish to become part of the lost generation".

That summary reflects another aspect of the Canadian tapestry as we observed it. It was not simply a concern about unemployment that we found. It was a fear that unemployment, for some, might be permanent. A lost generation of "walk-arounds".

This was put in a more pointed way by the Saskatchewan Federation of Labour:

*"Canada is now a nation divided between those who have jobs and those who do not. We now have a mass of permanently unemployed people who may never find a decent job."*

That view, if much disputed, is widely held. And for those who hold it, there is but one central economic objective for Canada—full employment.

As it was put to us by the Confédération des syndicats nationaux (CSN):

*"It seems to me that in a civilized society—such as Canada's—priority should be given to employment; jobs should therefore be maintained. Steps should be taken to pro-*

*tect jobs and to force management to gradually modernize plants."*\*

Among those who do not hold the view that Canada is faced with a "mass of permanently unemployed", we found little objection to the goal of full employment. But as the comment from the CSN might suggest, we found sharply different views on how to achieve that objective, and what we should be prepared to give up in order to achieve it.

## The issue of inflation

Here we join the second of the concerns set out above—inflation and the stability of costs and prices.

We found Canadians far more concerned with unemployment than with inflation. Indeed, most of those we heard, who argued that the first priority was to control inflation, premised their argument on the need for low inflation as a prerequisite for employment creation.

In different circumstances—circumstances, for example, of much lower unemployment and higher inflation than were the case during our hearings—Canadians might well have offered us a different impression.

Nonetheless, if the priority between unemployment and inflation reflected immediate concerns, it is unlikely that Canadians would divide differently.

One side of the debate was put in the following way by Robert White, International Vice-President of the United Auto Workers:

*"I do not think inflation is our number one priority. I think we have to be concerned about it and people on fixed incomes have to be concerned about it. But I would say, given two percentage points in inflation or two percentage points on fuller employment, I would opt for fuller employment."*

This view, not unexpectedly, was broadly shared among the labor representatives who appeared before us, for example, Michael Lyons of the Labour Council of Metropolitan Toronto:

*"I can live with inflation if I am employed and can cope with it, but if I am unemployed I've got a problem. I don't have any income. Whether inflation is two per cent or 12 per cent, it becomes academic to me."*

For the labor movement and for those preoccupied with the effects of unemployment on the unemployed, the essence of the issue is that in the "trade-off" between unemployment and inflation, it is unemployment that must be given priority. The following sampling of comments captures this side of the argument.

Clément Godbout, a director of the United Steelworkers of America:

*"We would not suggest that we have the answers to all those problems; however, people are struggling to survive economi-*

*"As students, we do not wish to become part of the lost generation".*



cally, poverty is rampant, and unemployment is being used to fight against inflation, which hardly seems to presage a great future for any country which might adopt that approach.”\*

The National Union of Provincial Government Employees:

“Our disastrous recession and massive unemployment were not caused by any hidden hand but by deliberate monetarist policies and we are unimpressed by attempts to pass the blame to fate.”

Finally, a view that focuses the question on a basic issue, from the Ontario Public Service Employees’ Union:

“Work in our society is fundamental to human dignity and...you cannot set up that equation of inflation and employment. That is what got us where we are.”

In this view, it is a matter of choosing which evil to fight.

From business groups we heard another view, that the choice is a false one. In this view, high inflation is not the price one pays for full employment. Rather, low inflation is the means by which one creates jobs. The Business Council on National Issues put the issue in the following way:

“Unemployment will not be solved by ignoring the ever-present threat of inflation. For jobs to be created, production must increase and the economy must grow; in order for this to occur, interest rates need to decline further, so that consumer spending and business investment can experience a sustained revival. More moderate interest rates are unlikely to be achieved if fears of an inflationary spiral are widespread. To wage war on unemployment while ignoring the threat of inflation is to court failure on both fronts.”

The Canadian Chamber of Commerce took a similar view:

“The Chamber has made no secret of the fact that it believes inflation to be a most pressing long-term economic problem facing Canada. Control of inflation is a necessary pre-condition for generating business and consumer confidence and for reducing unemployment.”

If these views delineate the basic lines of the debate, we found an immense variety of opinions in the territory between the lines. David Slater, Chairman of the Economic Council of Canada, staked out the middle ground:

“The targets of inflation, employment, productivity and growth have to be treated as a package. We don’t think it is very helpful to single out one target, for example, the target of inflation, and then remain silent on other concerns. That inflation can be significantly reduced if one tightens the reins sufficiently on the money supply is now evident. Whether Canadians have paid too high a price in terms of foregone output and employment is another question.”

And on the longer term prospects for inflation, Mr. Slater had the following words of caution:

“Having knocked inflation down, the question of whether we can get a change in expectations, wage behavior and so on from a longer term point of view is open. I don’t think it is safe to conclude from the experience of the last year that a lasting change in behavior in Canada has taken place.”

The issues of jobs and prices—and, as Mr. Slater noted, their companion issues, productivity and growth—time and again led us into another issue in our hearings, technology.

## The issue of technology

IF, AS IS EVIDENT FROM THE ABOVE, THERE IS NO CONSENSUS ON WHETHER ONE MUST SUSTAIN LOW INFLATION IN ORDER TO GENERATE EMPLOYMENT OR WHETHER ONE MUST CHOOSE WHICH ONE TO FIGHT, INFLATION OR UNEMPLOYMENT, THERE IS LESS CONSENSUS AND EVEN HIGHER EMOTION SURROUNDING THE ISSUES POSED BY TECHNOLOGICAL CHANGE.

In one dimension, technological change was clearly a basic cause for the fear of a lost generation of permanently unemployed. In another, it was described to us as essential to preserving existing employment. In yet a third, it was seen as a major source of economic and employment potential.

To a striking degree, Canadians divide on technology as they divide on the unemployment-inflation dilemma.

That is, those who see themselves as having been left behind, either for who they are or where they live, fear technology. Those who see the enhancement of Canada’s future prospects in improved productivity and the improvement of Canada’s capacity to compete internationally look with far more favor on technological change.

The darker visions invariably come back to the question of jobs and to the idea of the lost generation.

Consider the view put to us by the Windsor and District Labour Council:

“...if scientific advances in the area of productivity proceed at the pace predicted by numerous experts, then increasingly large segments of the work force will be permanently displaced during this decade.”

Or the view of Richard Martin, President of the Manitoba Federation of Labour:

“We haven’t even discussed robots yet. Robots are inheriting the economy, and humans are becoming their low-paid servants, if employed at all. It was once hoped that computers would be an unparalleled boon to society, taking over the drudgery and leaving the interesting work to the humans. It now appears, in many instances, to be working the other way around.”

*“Having knocked inflation down, the question of whether we can get a change in expectations, wage behavior and so on from a longer term point of view is open.”*

This view was widely shared by unions in all sectors, by community groups and by voluntary organizations.

The New Brunswick Advisory Council on the Status of Women set out a view that, with variations, was repeated throughout the country:

*"What can we do in the face of the advent of microtechnology...? We can begin by realizing how profoundly the economic and technological changes will negatively affect the female labor force—a huge portion of our labor force—and by acknowledging that if attitudes and policies remain as they are, a social and labor crisis is in the offing."*

Walter Light, Chairman of Northern Telecom, one of Canada's leading high technology companies, put the opposite view in this way:

*"Those who are inclined to see the increased application of technology in industry as a threat to employment must recognize that there will be no jobs if Canadian manufacturers cannot remain competitive. Other nations will use the new technologies even if we do not."*

That, too, was a view expressed to us time and again. William Mulholland, Chairman and Chief Executive Officer of the Bank of Montreal, set out this view in terms of experience:

*"In the long run, what it [technology] is doing is that it is converting people from relatively skilled jobs to highly skilled... and hopefully it is making the work place a little more interesting than it used to be. But it is not resulting in people being laid off."*

These are the broad lines of the debate: between fear of technological change or fear of the lack of it, lay an immense variety of views reflecting only that, on this central issue, Canada is a country far from consensus.

One strand in that variety is worth noting—a belief that the new technologies have a positive potential in human terms. Len Bruton, Dean of Engineering at the University of Victoria, set it out in terms of international possibilities:

*"... we basically are well-enough educated and we have the technologies to serve that part of the world that is less fortunate than ourselves, the parts that are hungry and uneducated and need health care. I am saying, why don't we take that as a major mandate for Canada, and let's get on with the job of developing industries that will lead to the export potential to provide that service. Let us carve out a role for ourselves."*

Ken Low, President of the Action Studies Institute in Calgary, remarked on its potential in the realm of learning:

*"Computer-communications technology is an historically pivotal development. It provides us with the opportunity to develop the most significant of our national resources, human intelligence."*

From this middle ground, technology is seen as neither a dark threat nor an economic imperative but as an opportunity to be taken by ensuring that technology is a servant, not a master.

## The issue of trade

THE IMMEDIATE CONCERNS OF CANADIANS ENCOMPASSED A FOURTH DIMENSION, AS EMOTIONALLY DRIVEN IN ITS WAY AS THE ISSUES OF JOBS, PRICES AND TECHNOLOGY. THAT IS THE ISSUE OF TRADE.

Here, current concerns about unemployment are interwoven tightly with a sense of heightened competition in domestic and world markets, rising concern about protectionism, the growing internationalization of business and the effect of technology both on what is traded and how it is traded.

This shifting scene, we also found, is tangled with ancient grievances, strongly regional in character, about the purposes of Canadian trade policy. If, as with technology, particular groups have concerns in terms of what trade might do to their chances of employment, the task of achieving long-term consensus on trade issues is complicated by powerful and contrasting regional views on the issue.

The way trade, technology and employment are interwoven into a powerful concern can be seen in the following comments we heard.

From the Manitoba Federation of Labour:

*"The internationalization of production threatens to reduce Canada to the status of, for example, a Malaysia, mass-producing components for the more technologically advanced countries of the world. In other words, world economic forces will tend to reduce Canada to a pool of cheap, unskilled labor."*

Louis Laberge, President of the Quebec Federation of Labour, gave us the same view, in different words:

*"We are fully aware that we must try to remain competitive, of course; however, I hope that the Commission does not believe, as some do, that Canada can compete with Taiwan. Canadians are not used to surviving on one or two bowls of rice a day."\**

If this perspective was prevalent among certain groups, others were more concerned with the world economic environment Canada now faces.

Much attention in our hearings was focused on declining tariff barriers as a result of international agreements, the increasing use of non-tariff barriers, and the potential and problems of Canada-U.S. relations and Pacific Rim trade. In large measure, the international environment is seen as the battleground for survival, and it is seen as an unpredictable battleground.

Bernard Wood, Executive Director of the

*"Computer-communications technology is an historically pivotal development. It provides us with the opportunity to develop the most significant of our national resources, human intelligence."*

*"... expansion of our export sector to serve U.S. customers could well facilitate the economies of scale needed to reach more distant markets."*

North-South Institute, described the present situation in the following way:

*"In spite of all the growth of protectionism, the [international economic] system has not yet fallen apart. There is enough recognition in enough places that, if it does, we are all in very deep trouble. There is some hope to maintain it—just how, I am not sure, because tariff cuts are not the issue now. It is a question of rolling back and stopping this proliferation of non-tariff barriers."*

The Canadian Manufacturers' Association described it as follows:

*"There has been a lack of leadership in the international trading system. With the major players in the trading system severely limited by domestic economic and political constraints, and unable to achieve a consensus and provide leadership, the international trading system is in danger of drifting from crisis to crisis."*

The City of Lethbridge, among others, noted:

*"Canada is among the most dependent and vulnerable [of countries] on international trade development."*

Canada's openness to the world economy, its pressures and uncertainty, regularly led to two key matters. One, to which we will turn below, relates to the issue of productivity, competitiveness and to the question of how to raise Canada's productivity to higher levels and to sustain those levels of productivity growth over the longer term.

The second relates to the question of how to define a stable long-term set of trade relationships for Canada.

In that dimension, Canada's relations with the United States inevitably were the main focus. We found a broad expectation that Canada's trade and other economic ties with the U.S. will be closer in coming years. We also found, with some important exceptions, that this is broadly viewed as beneficial and to be encouraged.

Despite the concerns captured in the comments cited above with regard to the stability of the international environment, we also found considerable interest in seeking other markets, particularly among the Pacific Rim countries, and in working toward further trade liberalization through multilateral organizations and instruments such as the General Agreement on Tariffs and Trade (GATT). For example, the Asia Pacific Foundation and the SNC Group felt this was the most advantageous orientation.

WITH REGARD TO THE CANADA-U.S. RELATIONSHIP, THIS HAS ALWAYS BEEN ONE OF THE FUNDAMENTAL QUESTIONS OF CANADIAN COMMERCIAL POLICY AND THE LONG HISTORY OF THE ISSUE WAS REFLECTED IN OUR HEARINGS.

This relationship has become of greater concern in light of agreed tariff cuts under GATT. By 1987, some 85 per cent of Canada's imports from the U.S. will be either duty-free or subject to tariffs of less than

five per cent. Canada will have similar access to the U.S. market for its products.

At the same time, it was repeatedly noted in our hearings that Canadian products are being caught in the backwash of U.S. protectionist measures directed at other countries and occasionally being threatened directly with non-tariff action, particularly anti-dumping duties.

The Economic Council of Canada described the dilemma this poses for Canada:

*"Have we, as a consequence of a long series of tariff reductions, ended up in Canada with the worst of both worlds—that is, with tariffs too low to be effective and still with inadequate access to the large markets enjoyed by competitors in the United States, Japan and Europe?"*

The Council argued that securing access to the U.S. through free trade would be the single most important step that could be taken to improve Canada's living standards and productivity performance, rationalize manufacturing processes, benefit consumers and provide benefits to all regions. It noted that this need not reduce trade with other countries and could, in fact, enhance the growth of such trade:

*"Many appear to believe that freer trade and expanded trade with the United States precludes expanded trade with other countries. There is no logical basis for this view, in fact, expansion of our export sector to serve U.S. customers could well facilitate the economies of scale needed to reach more distant markets."*

Most others who addressed this issue in our hearings were less definite, arguing for trade enhancement in a variety of ways including sectoral free trade.

The following comment from the Canadian Business and Industry International Advisory Council captured well the position where the weight of opinion fell:

*"The future continuing importance of trade with the United States cannot be over-emphasized. Every effort should be made to improve our trading relationship with that country. At the same time Canada should actively develop other trading relationships."*

But there was, as there has always been on this issue, a counter view, strongly put.

The strongest expressions of opposition not only to freer trade but to the present state of economic integration with the United States were put to us in Toronto, by the Canadian Institute for Economic Policy and by the United Auto Workers (UAW). The essence of the UAW's case was as follows:

*"In Canada's case, where internationalization means increased integration with the U.S., the issue is not just limits on our sovereignty, but our survival as a political entity."*

Abraham Rotstein, Vice-Chairman of the Canadian Institute for Economic Policy, struck a related theme:

"It is, in our view, Alice-in-Wonderland economics to expect branch plants in Canada to compete with their parent companies on their home ground in the United States. Indeed, the reverse phenomenon is more likely: free trade will encourage the dismantling of Canadian branch plants and the Canadian market will be served either from the United States or from relocated off-shore production in Southeast Asia.

The basic issue is clear-cut. Should we try to shore up the status quo, as the government proposes to do, by a series of patchwork adjustments such as sectoral free trade, while edging the Canadian and American economies into a closer pattern of integration? Or has the time come when the question of an industrial policy must be given first priority and trade policy made to accommodate rather than to direct our industrial policy. I think our Institute's position is fairly clear. We are arguing that we simply abandon the sweet illusions of the wonderful market to the South."

This concept of an industrial policy as an alternative to the status quo or further trade liberalization was picked up elsewhere. Allan Blakeney, the former Premier of Saskatchewan, set out the issue this way:

"Do we, in Canada, have the option to operate an economy which is, to any extent, separate from that of the United States—not totally separate, of course, but separate to the extent that Switzerland or Sweden might be operating a separate economy from that of West Germany or the European Economic Community? My answer to that is yes, we do have that option."

The National Research Council, however, noted the prior step required—broad agreement:

"The federal government should stimulate and incite industry, labor and other components of society to get together, not necessarily all at once or in one place, to organize what will emerge as a consensus of what is really needed to provide an industrial strategy."

The Business Council on National Issues noted the problems that posed:

"We do not believe that a comprehensive national industrial strategy is either feasible or necessary. With respect to the question of feasibility, it must first be shown how an effective, coordinated industrial strategy could be developed and implemented on an ongoing basis in such a diverse nation as Canada, in which eleven governments are typically pursuing often divergent policies. Extensive decentralization of economic and industrial policy-making powers is simply incompatible with the notion of a coordinated national industrial strategy. Another problem that must be addressed in assessing the feasibility of a Canadian industrial strategy is the absence of a clear consensus on what such a strategy would consist

of, with the result that various advocates are constantly producing lists of worthy objectives that are in fundamental conflict with each other."

The idea of picking industrial winners and losers in advance was questioned on grounds other than that of the unlikelihood of agreement.

The Canadian Manufacturers' Association offered this view:

"Government is never in a position to pre-determine which sector is likely to achieve competitive success. Market forces will determine winners, and governments should not try to pick them. Generally, investment support should be broadly-based and evenly applied to all participants, based upon clearly defined rules."

In Halifax, Angus Bruneau, President of Bruneau Resource Management, raised another problem, and perhaps the essential one:

"I suspect that if we set about to prepare a national industrial strategy that had the agreement of all the parties that are suggested—that is, provincial politicians, industrial leaders, bankers, labor and so on—it would look a bit like the Income Tax Act, and not even the experts would know what it really means."

To this, on what we heard, we would add the regional dimension of Canada. To a striking degree, people in the provinces other than Quebec and Ontario see Canada as having had an industrial strategy, and see that strategy—the National Policy of 1879—as having favored the development of Central Canada over the development of the Western and Atlantic provinces.

The task of defining and achieving an industrial strategy is infinitely more complex in light of views such as the one expressed to us by Premier Brian Peckford of Newfoundland:

"... we cannot help but feel that prevailing national policies, constitutional arrangements and economic forces have prevented us from reaching our potential. We are not inclined to support in any way a status quo when it has tended to exploit our province for the benefit of other parts of the country."

This difficulty was recognized in the submission made to us by the Montreal Economic Promotion Committee:

"We would be hard put to believe that any modern Canadian government would adopt another National Policy, which allowed the industrial heartland to develop to the detriment (as we would phrase it nowadays) of the East and of the West."\*

Whether an industrial strategy is feasible, for regional or other reasons, the industrial development policies to be pursued turn very much on the set of trading relationships Canada defines as being in its best long-term interests.

The importance of this issue was well

*Extensive decentralization of economic and industrial policy-making powers is simply incompatible with the notion of a coordinated national industrial strategy.*





*"I don't think we ever want to lose sight of the one significant area in productivity that is at times not mentioned, which is management efficiency."*

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noted in our hearings, as was the likelihood that any set of trade relationships, no matter how secure, will test Canada's competitive ability to the limits. This view was bluntly put by Enid Barnett of Laurentian University:

*"I think we are going to fight for our life with anything on the international market. It doesn't matter if it is resources, or stereo sets, or what Northern Telecom is selling. Everything is going to be a fight because of the highly competitive nature of international trade in the next decade."*

### The issue of productivity

IN THAT "FIGHT FOR OUR LIFE" ON INTERNATIONAL MARKETS, PRODUCTIVITY WAS CITED TIME AND AGAIN AS THE KEY TO FUTURE SUCCESS.

It is clear to us that Canadians consider improved and sustained productivity growth to be both a fundamental long-term objective and a basic but extremely difficult challenge to overcome.

That being said, great confusion—and at times resentment—surrounds the very word productivity, as Richard Martin of the Manitoba Federation of Labour described it:

*"From labor's point of view, every time we hear the word 'productivity' we get our backs up and say that what these people are talking about is lowering our wages and speeding up the assembly line.*

*Of course, that is not necessarily what it means all the time, but I am afraid that is what it means a lot of the time. We look upon productivity as being essential . . . to national development . . . we believe that productivity can be substantially increased without necessarily displacing people in the work force."*

Fred Pomeroy, President of the Communications Workers of Canada (now the Communications, Electronic, Electrical, Technical and Salaried Workers of Canada), picked up the same point in suggesting that the productivity debate was extremely polarized because of the blame put on working people for the decline of productivity:

*"The myth runs something like this: an expensive social security system and Canadian workers' lacklustre job performance and unreasonably high wage demands have led Canada to lose its competitive edge in world markets. We would argue that the problem of the decline in Canada's level of productivity growth is a result of many factors, the least of which is the performance or cost of its work force."*

In fact, we did not find the debate polarized. We found an awareness of labor's views, for example in the opinion expressed by Bernard Miller, Vice-President of Air Canada:

*"Even now, there are some in Canada who chafe at the mere mention of the word [productivity], and see in it some ploy to extract more sweat and toil from workers, rather than seeing in it the key measure that we must all cooperatively address if we are to achieve the level of international competitiveness that is necessary for our country to compete in world markets and thereby ensure a rising standard of living for all Canadians."*

But, equally, we found among our intervenors a considerable awareness of the other factors that might affect the growth of long-term productivity. For example, Walter Light of Northern Telecom, noted the critical role of management:

*"I don't think we ever want to lose sight of the one significant area in productivity that is at times not mentioned, which is management efficiency. I think attitude becomes an integral part of that, and if you are looking for improvement of productivity, it has to be pushed by the senior people in the organization."*

We found substantial frustration with the fact that, on a matter seen as central to future prosperity, there is great uncertainty as to both the causes of productivity growth or decline and the adequacy of the way in which productivity is measured.

The Vancouver Board of Trade touched on this issue of measurement directly:

*"We do not dispute the importance of productivity measurements and indices, but we do question whether some refinement of their application and interpretation might be in order, particularly at this moment in our economic history."*

Rod Dobell, former Dean of Public Administration at the University of Victoria, confronted another aspect—the murky issue of the productivity of government. There is, he said:

*"... a distorted perception of the distinction between private sector and public sector roles, perhaps reflecting a desire to turn back the clock to a simpler world. This mind-set appears to classify activities as 'productive' (useful) or 'unproductive' (wasteful) accordingly as they are, or are not, the object of a market transaction. Ironically, in a nation whose prospects were, and are, founded upon natural and human resources, this mind-set decrees that those who turn back odometers to turn around existing cars in order to turn bigger profits are creating wealth, while those who work at salmonid enhancement, or reforestation, or wildlife management, or water conservation are merely (at best) redistributing it."*

The comments on productivity join another issue of considerable concern to Canadians: how to encourage entrepreneurship.

# Entrepreneurship

The importance of encouraging risk-takers was put to us not simply as a desirable economic approach but as a fundamental choice as to economic direction.

The University of Waterloo set out the choice in the following way for the manufacturing sector:

*"The choice will in fact be rather difficult and bitter. On the one hand there is the option of creating jobs in a backward and insulated industry, heavily protected from foreign competition, and trying to evade the disruptive effects of the new technology on jobs and industrial structure. The other option is to promote the creation of a climate where entrepreneurs will seize on the perceived opportunities and then try and use the wealth that their success brings to deal with the disruptive effects."*

The issue is a critical one because Canadians widely see Canada as lacking risk-taking qualities. This perception was addressed directly from opposite ends of the country.

Claude Lalonde, President of the Société de recherche sur la faillite Sagamie and a professor of economics and administration at the University of Quebec at Chicoutimi, put it this way:

*"Of the various economic phenomena whose growth has been observed in Canada since the turn of the century, it would appear that the number of new businesses created every year has been the most constant factor. The number of new firms grows from year to year and from decade to decade, and over 97 per cent of them are small or medium-size businesses. This is a reflection on the entrepreneurship and the initiative of individual Canadians to meet the needs of Canadian society."\**

In Vancouver, Harold N. Halvorson, a private consultant, put it this way:

*"It is quite common to hear the statement that Canadians have an inborn fear of taking investment risks, and this contributes to our lack of progress. An individual Canadian could probably never build a pulp mill or smelter, irrespective of his gambling instincts. He could likely not access the required raw material, obtain bank financing nor acquire the technology. Yet I have found the average Canadian to be as entrepreneurial as any other national—within the limits of his resources. Canadians in general are not to blame. Rather the entrepreneurial spirit of a few hundred people in the management of our big companies must be questioned."*

In some cases the low quotient of entrepreneurship is because the company is simply a 'branch plant' and lacks the skills and, more importantly, the mandate for diversification and further processing. In

*other cases the cause is not so obvious. A comfortable niche conferred on the company by ownership of a rich mine or of a rich forest licence, or being shielded from the pressures of competition, may be contributing factors."*

In seeking to establish a climate in which entrepreneurs might better add their energies to the task of encouraging and sustaining increased real growth, the issue consistently came back—as it did on many other issues—to financing.

As the Canadian Federation of Independent Business saw it:

*"Financing small businesses is a perennial problem and one explored in depth around the world. The traditional problem of undercapitalization constrains both market development and modernization and makes the small firm, especially the young firm, peculiarly vulnerable to fluctuations in markets and in the cost of money. The first prerequisite of good small business policy is therefore stable and low real rates of interest."*

## The issue of resources

HEREIN LIES ONE OF THE MAIN POINTS OF CONTENTION IN THE CANADIAN FEDERATION, PREVALENT THROUGHOUT CANADA'S HISTORY BUT PARTICULARLY SINCE THE EARLY 1970s.

The ancient debate on Canada's economy has always involved the tug of war between the resource economy, requiring access to foreign markets, and the manufacturing economy, demanding protection from imports.

While service industries now make up as big a share of the economy as resources and manufacturing together, that traditional debate, with its powerful regional overtones, was very evident in our hearings.

One side of this debate was put succinctly by the Vancouver Board of Trade:

*"... to a substantial extent, the strengths of this nation are, and will continue to lie, in its resource-based industries. Our agricultural and resource-based production will continue to provide the means of financing our imports. It will be called upon increasingly, even drained, to support those of our manufacturing industries sheltered by quotas, tariffs and other regulations."*

The other was captured by the Social Planning Council of Metropolitan Toronto in the context of the changes under way in the world economy:

*"It is easy to regard the process of global restructuring with some inevitability. But the consequences for Canada could be devastating. It will intensify Canada's historical tendency to rely on staple export trade and will make it difficult for Canada to develop a domestic industrial strategy. To this traditional debate about whether Canada should emphasize resource exports or manufactur-*

*... I have found the average Canadian to be as entrepreneurial as any other national... the entrepreneurial spirit of a few hundred people in the management of our big companies must be questioned.*

### *"A boom and bust economy is not an adequate return for Northerners."*

ing for the domestic market, the commodity price surges of the 1970s—particularly those related to oil and natural gas—added a new and volatile element: the question of the basis that should be used for pricing resources."

The case for a price favoring Canadian industry was put to us by Dow Chemical Canada, among others:

"The National Energy Program and the subsequent 1981 agreement between the federal government and Alberta specified regularly-staged increases for crude oil and natural gas. This approach to pricing is acceptable in protected markets like home heating and transportation fuel, but it can have disastrous effects on industries such as the petrochemical industry that must operate in a global marketplace."

The opposite case was set out by J.P. (Jack) Gallagher, in Calgary:

"I suggest that no industry—and certainly not the oil industry—should be protected by price. I suggest that the oil industry should be willing to accept world pricing, whether it goes down or whether it goes up. We should be able to sell our commodity at full commodity value and full world price...The important thing for a new industry moving into Canada, or even established industries, is: can we be assured of an indigenous source of energy for 100 years? We can assure them of that in Canada. There are not many areas in the world where that can be assured."

The pricing question, however, involves more than the adequacy of supply for future Canadian demand, or the price that is paid, either by consumers or industries. It involves the added dimension of the relationship of each region to external markets and to the rest of the Canadian market. And it involves not only the most obvious resources such as oil and minerals but others such as fresh water, the coastal fisheries, agricultural land and the space required to sustain the traditional economy.

Here, historic grievances and hopes for the future interweave.

The Liberal Party leader in New Brunswick, Ray Frenette, had this to say about a basic resource of the Atlantic provinces:

"A majority of our resources are being exported to the U.S. right now in their raw state because of tariffs. If they are actually processed to their final state, then the tariff is much higher and that is why, right now, we have a great amount of our fisheries production that is being exported to the U.S. in large blocks of ice, and then ... packaged in the U.S."

That North-South tug, however, concerns others. Robert White, of the United Auto Workers, expressed his concern in this manner:

"We already face severe regional tensions, to the extent that Alberta sees its economic

future tied to a North-South flow of resources and goods, or that Quebec defines economic sovereignty in terms of attracting investment from the U.S. and gaining more access to the markets of the American East, or that British Columbia looks more and more to the Pacific Rim. What happens to the economic rationale for keeping the nation together? And what subsequently happens to the cultural and political rationale?"

In Northern Canada, we found a different definition of North and South but the arguments were familiar ones. For example, Lynda Sorensen, MLA, told us in Yellowknife:

"It is no secret that the Northwest Territories is, and will continue to be, the source for primary extractive products that the South and other parts of the world manufactures, distributes and profits by. But that doesn't mean that we have to accept that the NWT exists only to serve central industrial areas and that it should be satisfied to gain through the boom and bust cycles. A boom and bust economy is not an adequate return for Northerners."

A different North-South dimension, involving relations between the rich nations and the poor, is of growing concern to the mining industry. Developing countries are increasingly becoming competitors for world resource markets.

Tex Enemark, President of the Mining Association of B.C., described the problems as follows:

"We are finding ourselves competing with Third World countries that can operate much more cheaply than we, and they can produce at half the price that we can produce, and as prices go down—and this is where economics gets all turned on its head—and to continue to meet their obligations to the international banking community, they have to produce twice as much. Because of the particular nature of those kinds of economies, our kind of economics does not fit."

And in many resource industries, to the problems of supply, price, and competition must be added concerns as to the protection of the environment, the limits of the resource base itself, and competing claims to the benefits derived from the same resource.

For example, we were told by the Manitoba Keewatinow Okimakanak:

"The recent expansion of the mining, forestry and hydro-electric energy industries have had a negative impact on the traditional economic pursuits of hunting and fishing. The radical decline in these industries has reduced the local community to poverty proportions."

But, on the other side of this question, we heard a great deal about the delays caused by environmental regulations. Mayor Florence Whyard told us of the problems of the City of Whitehorse in dealing with sewage

disposal into the Yukon River:

"... the placer miners of the Yukon are also putting up a struggle against similar regulations for purity of water in their Klondike streams which, if they lose, may very well mean the country will soon be left to the fish. It used to be my facetious advice to friends that if they were considering coming back to this planet in the afterlife, they should consider coming back as caribou, since every government agency in Canada is doing its utmost to protect those beautiful animals. However, I would advise you today to consider returning as a salmon."

Resources—water, land, forests, minerals, oil and gas—remain, we found, at the heart of many a Canadian dilemma; the Société Inter-Port de Québec held a widespread view that it is likely to remain the case for a long time ahead:

"Canada is basically an exporter; consequently, our attention should be brought to bear on the added value of the exported products. Any way we look at it, we must face the fact that we will have to remain an exporting country, since our domestic market cannot absorb all our production."\*

## The issue of education

HERE WE ENGAGE IN AN ISSUE BROADLY SEEN AS FUNDAMENTAL TO ADDRESSING VIRTUALLY EVERY MAJOR CHALLENGE WE FACE: ECONOMIC, SOCIAL, POLITICAL, CULTURAL AND ETHICAL.

Education is also an issue that is among the most sensitive in terms of federal-provincial relations, a sensitivity built on a long, at times bitter and always difficult history.

That is particularly true in Quebec, where Michèle Jean, who was President of the Quebec Commission on the Study of Vocational and Socio-cultural Training for Adults from 1980 to 1982, set out the broadly-shared position on education in the following terms:

*"The responsibility in matters of education lies with the provinces. The federal government of Canada must, therefore, respect the various jurisdictions and their cultural diversity."*

If we found a concern about the lack of a national role in education, outside Quebec, we found a concern about the quality of education shared in all provinces, including Quebec.

Charles Perrault, President of Perconsult, who spoke to us in Quebec City, had this to say about the quality of education, while also emphasizing that the provinces are responsible for education:

*"There has been a decline in the teaching of basic subjects, especially mathematics, science and language skills. The profusion*

*of optional courses and the fact that many students choose 'easier' courses than the more demanding math and science courses are also part of the problem."*\*

And Pierre Noreau, former President of the Sommet québécois de la jeunesse (Quebec Youth Conference), in speaking of today's serious social and economic difficulties, noted that young people:

*"... are also students, but they are not happy with the courses offered. Furthermore, some 35 per cent of them finish high school and do not go on to get a professional degree, which indicates some measure of dissatisfaction with the education system as it is."*\*

Aside from concerns about the quality of education, we also heard concerns about educational goals, funding, priorities, and relations between the education system, industry and the community. Those concerns were voiced by business, social groups, labor, students, faculty, parents and teachers.

The Hamilton and District Labour Council, for example, emphasized the critical role of education in terms of the concerns set out above with respect to technology:

*"Our education system will become even more central to our survival as it assumes the burden of attempting to integrate ethics and technology to ensure that technology serves human values."*

The Business Council on National Issues brought a different perspective and raised a recurring issue in our hearings—the need for a national perspective on education:

*"It is clear that the lack of a labor force trained to use the technologies of the future and unable to adapt to change is a major weakness of our industrial system. For this reason, we suggest that the federal and provincial governments spare no effort in devising a more coherent national policy in respect of education, skill training and retraining. The objective should be to reduce duplication, to cease training people for occupations not likely to be in demand, and to develop a truly national policy in this critical area to replace the current ineffective hodge-podge of policies."*

Related to this issue, the suggestion for a national inquiry into education was put to us a number of times. David Johnston, Principal of McGill University, argued for such an inquiry on the following basis:

*"It is becoming increasingly clear that Canada cannot achieve a national economic policy without a national consensus on desirable educational goals."*

Others addressed the issue of jurisdiction and quality from a different basis as did, for example, the Coalition of Social Organizations in Cape Breton:

*"There is an urgent need for more consultation and cooperation between the federal government and the various provincial*

*"The responsibility in matters of education lies with the provinces. The federal government of Canada must, therefore, respect the various jurisdictions and their cultural diversity."*



## What we heard

governments in order to determine how students can be helped to obtain the education they will need in the Canada of tomorrow."

The Canadian Federation of Students took a similar view:

"For the first time in Canadian history we need comprehensive, democratic, long-term planning for post-secondary education. This will require not only the initiation of a genuine dialogue between the federal and provincial governments but also, and just as importantly, input from both the current post-secondary community and those sectors of Canadian society which are currently excluded from the system."

This approach was often advanced in the context of a concern about funding for education. The Association of Universities and Colleges of Canada expressed this concern in the following way:

"No problem facing the universities is more serious and threatening than the underfunding of the system over the past decade. Unless this trend is soon reversed . . . real and irreparable harm will be done to every one of these institutions and Canadian society will be the real loser. This outcome must not be allowed to materialize simply because the federal and provincial governments cannot agree upon their appropriate roles in the funding of universities."

If Canadians were preoccupied with the national importance of education in the context of provincial responsibility for education, they were also concerned about the relationship between the education system and the broader community.

This concern was well defined by Michael Goldberg of the University of British Columbia:

"I think that it is important that we [in educational institutions] see ourselves as being an integral part of society, not apart from society . . . I think we must bridge these legendary town and gown gaps by appreciating that there is a great deal to be learned from the day-to-day knowledge of practitioners."

The route to strengthening the connections between town and gown was set out by the Ordre des Ingénieurs du Québec (OIQ):

"The OIQ recommends that relations between industries and universities be fostered in the fields of R&D and industrial innovation, and that the results achieved thus far be communicated [to other institutions]."\*

Finally, we found significant concern about the appropriate educational approach in the face of changing technological requirements.

The Centre for Continuing Education, of the University of British Columbia, made the following observation:

"We feel that the focus . . . on developing highly skilled people, and there are many,

many dollars being spent to do that . . . is risky because economic forecasting is risky and we end up with highly trained people who may, indeed, have no jobs at the end of it. What we recommend is a generic skills approach: one that encourages flexibility and acknowledges that people will have to be retrained and upgraded several times in their working life."

## The issues of labor and management

TO CONCERNS ABOUT THE QUALITY OF BASIC EDUCATION MUST BE ADDED THE ISSUES OF TRAINING AND RETRAINING.

These issues are of particular importance in the context of labor-management relations and, more generally, employer-employee relations.

The particular concern of organized labor relates to training and retraining as fundamental to addressing the linked issues of job creation, job security, technological change, and collective bargaining.

The Thunder Bay and District Labour Council, for example, linked these issues in the following way, starting from the question of technology:

"We must ask four basic questions of each proposal for an introduction of a technological change: how will the benefits be shared amongst the workers, the employer, and the community? How will the workers displaced as a result be retrained and re-integrated into jobs with their present employers or with another? How will new jobs be generated for workers coming into the labor market? How will the Canadian economy be made stronger and more efficient as a result of such change?"

The question of training was raised in another way by the New Brunswick Federation of Labour:

"For the most part, neither government nor public or private employers engage in effective planning of future manpower needs, especially as it relates to skilled occupations. With the odd exception, what little planning that does occur is carried on independently without proper coordination of efforts on the part of educators, employers and government manpower officials. And meaningful input by organized labor into the manpower planning and training process is largely non-existent.

The resultant shortages of New Brunswick- and Canadian-trained skilled workers is nothing short of a national tragedy.

Aside from ensuring that the thousands of students graduating from high schools, colleges and universities have basic job skills, our education system in the future must place added emphasis on the development of high technology skills and the

*... I think we must bridge these legendary town and gown gaps by appreciating that there is a great deal to be learned from the day-to-day knowledge of practitioners."*

upgrading of existing skills through training and retraining, particularly in those industries natural to Canada and its regions."

The Pacific Group for Policy Alternatives brought another dimension to the training issue:

"It is not practical to train more physicians when we have a surplus, while we fail to offer sufficient computer courses to meet our needs. It is not practical to train apprentice carpenters and mechanics who are added to the unemployed at the same time that we need to encourage the immigration of qualified miners. It is not practical to train unless we also plan. Impractical training reflects a labor market attitude that labor should bear the costs of adjustment. A practical commitment recognizes the need to manage both the demand for our goods and services and the skill development to meet that demand."

Jack Munro, President of the International Woodworkers of America (IWWA), noted some of the limits to this approach:

"Every country in the world is talking about high tech. We don't have many loggers who are not on UIC or welfare who can jump into the high tech field. That doesn't make sense."

The training issue is but one dimension of the question of employer-employee relations, but a critical one because of its importance in terms of adapting to technology.

More broadly, improving labor-management relations is considered in every part of the country and every sector of the economy as a vital underpinning of improved economic performance.

Bernard Miller of Air Canada expressed a widely-held view, when he said, in Winnipeg, that:

"... industrial relations in Canada is focusing on the 10 per cent of life in which the interests of labor and management are in opposition and largely failing to focus on the 90 per cent of life in which the interests of employees, management and unions are shared. We are not adequately taking into account our social and moral responsibilities as citizens of this country. We are largely ignoring those intangible areas of concern to our workers, which are at least as vital as the tangible things. I believe it is time for a change of attitude."

Sandy Archibald, President of Britex Ltd. in Nova Scotia, a company owned by its employees, went further:

"Without this attitudinal change, all the efforts in other areas to improve our national competitiveness will be wasted. The right relationship between management and labor is the key to Canada's economic future.

I would suggest that the first step to be considered by this Commission would be to encourage the development of a greater common interest between business and

labor. A policy which encourages profit-sharing and employee share-ownership of their company would be moving in the right direction. This could be accomplished several ways but it must be designed to provide a clear financial benefit to both the company and the employees. The important consideration for this Commission is to determine whether the net benefits to Canada and Canadians would be best served by encouraging employee participation. Based on our experience at Britex over the past three years, we would suggest that this is indeed the case."

The Canadian Federation of Independent Business saw employee participation as an approach that could and should be adopted generally:

"Owners must become more open to employee involvement and to employees sharing in future success. Change is already under way in this area. A majority of our members are even now prepared to offer employees minority participation in their companies and even to share in the managerial direction of them: this is the way of the future."

Nonetheless, we did not find a consensus on this approach. Others, from both management and labor, held different views as to the causes of labor-management conflict and how it might be reduced.

Not surprisingly, we found that one or the other, labor or management, was singled out as being the most in need of changed attitudes. But more often than not, the question of how to find a balance between labor and management involved the role of government and whether it had done too much or too little.

The Management Council for Responsible Employee Relations, for example, had this to say:

"In the area of industrial relations, government must contribute to the development of a more cooperative modus operandi between employers and unions which so substantially influence the viability of our economy. Every effort must be made to bring about a consensual, rather than confrontational, approach to the concerns of employees, all consistent with Canada's ability to meet international competition.

At present, the legislation treats employers and unions as competitors, with the weight of the legislation favoring the unions. Progressively, over the years, union rights relating to recognition, collective agreements and dues collection have been liberalized."

On the other hand, Harold Doucette, President of the Nova Scotia Teachers' Union offered this view:

"We are concerned with what appears to be government policy-making based on scapegoat theories. We are concerned that over the past decade, and more specifically in the last year and a half, because of the

*"... industrial relations in Canada is focusing on the 10 per cent of life in which the interests of labor and management are in opposition and largely failing to focus on the 90 per cent of life in which the interests of employees, management and unions are shared."*



*"... there is no real willingness to listen on the part of the government and Cabinet nor any real willingness to allow the labor movement to become a legitimate part of the decision-making process. The reason is obvious—sharing the decision-making process means sharing the power."*

climate we have in terms of organized groups and government, industrial relations are now at an all-time low, this apparently being so because of the tack government is taking in creating an image for the public that places unions and workers as villains in our society."

Others stated that specific actions should be taken by governments as did, for example, the Non-Organized Workers (NOW) of Thunder Bay:

"In light of the low level of protection offered by employment standards legislation in many provinces, NOW recommends that the federal government, in consultation with organized labor and groups representing women and non-union workers, examine further its legislation pertaining to employment standards."

Alfred W.R. Carrothers, Dean of Common Law at the University of Ottawa, touched on two critical aspects—the degree of unionization in Canada and the broader role of labor—in the following comment:

"... the statutory framework of collective bargaining reaches less than one-third of the labor force. Furthermore, unlike other industrial countries in the Western world, in Canada, the trade union movement ... has never found a place within the larger system."

These factors bear on a major aspect of the Commission's mandate: relations between government, business and labor. In every industry and region, we found a desire for greater consultation. This was especially the case in the labor movement. But if we found a consensus that there should be consultation, we did not find a consensus on what this consultation should involve.

Jack Munro, of the IWA in British Columbia, offered one view:

"The labor movement should be a significant part of society and treated on a basis where our input is significant—and not always agreed to—but certainly listened to on an equal partnership basis and not just being polite and then forgetting everything we say."

A parallel view was advanced by the International Union of Operating Engineers, Local 115, in Victoria:

"We have had experiments with tripartism before, but they have so far, largely fallen victim to the first of the problems mentioned—that of attitude. We in the labor movement have come prepared to present our members' viewpoints only to find that there is no real willingness to listen on the part of the government and Cabinet nor any real willingness to allow the labor movement to become a legitimate part of the decision-making process. The reason is obvious—sharing the decision-making process means sharing the power."

Finally, Gary Doer, President of the Manitoba Government Employees' Association,

set out his view of what is required of business, government and labor if consultation and cooperation on economic matters are to be improved:

"There are two fundamental tenets to improving this consultation-cooperation process. One is—and I don't want to sound like Rodney Dangerfield—that we feel we need more respect as a legitimate institution in our country in the labor movement from business and government. We do not want to spend all our time dealing with both of those groups trying to survive as an entity as trade unions.

Secondly, if and only if, it is perceived that we have a meaningful input into the decision-making of this country, it is incumbent upon us to re-evaluate our institutional partisan position. It is naive to expect the government to involve the labor movement in the formulation of policies and let them in on the inside of what the formulation is going to be, while at the same time the institution itself [labor] is trying to defeat that particular party as a government in the next election."

## The social perspective

A MAJOR CONCERN OF UNIONS AND UNION LEADERS WAS THE PRESERVATION AND EXTENSION OF THE SOCIAL SECURITY SYSTEM BUILT UP IN THE POST-WAR YEARS.

The United Auto Workers put this concern in the most dramatic terms:

"We can't significantly increase minimum wages or impose plant closure legislation because it will damage the investment climate. We can't increase pensions, extend unemployment insurance or improve day-care services because a large public sector that provides social services and benefits threatens the investment climate. Regional inequities confront the same dilemma. We can't have manufacturing plants in the Maritimes because it's not competitive. We can't build machinery in the West because we can buy it cheaper elsewhere. Playing this game of international competitiveness therefore undermines Canada's autonomy to carry out a national program to improve our society."

Similar views were put forward by community groups, clergy, social workers, voluntary organizations, representatives of women, youth, the unemployed, natives and many others in every part of the country.

While we heard a multitude of ideas, proposals, solutions and suggestions, two powerful themes recurred in every part of the country.

The first concerned the relationship between social and economic policy. The second concerned the effect of social assistance on the recipients.

With regard to the first, the following observation from the Vanier Institute of



the Family best captures well a widely-held perspective:

"A fundamental division has been fostered between so-called economic and so-called social policy matters. Family allowances, child tax credits, and child care subsidies, which are payments to families, are treated as matters of social welfare. Tax breaks, incentives and subsidies to industry and commerce, which comprise both direct and indirect payments to firms, are by contrast treated as matters of economic development and thereby accorded a higher social purpose and greater social value. In this view, economic and social matters are generally unrelated except insofar as greater productivity in the 'economy' allows us to 'pay' for social well-being. This is an example, of the first order, of inverted perception and value, to wit, that people depend on the economy whereas the reverse is true—the economy depends firstly on the imagination, initiative and energies of people as the evolution of any economy clearly demonstrates."

A similar perspective was brought to bear by the Newfoundland and Labrador Arts Council:

"Although everyone probably accepts the principle that economic prosperity is the only means to social growth, there is reason to be concerned about how little attention is given to the social aspects of economic problems."

The Canadian Council on Social Development shared this view but expressed concern that it is not the basis of the approaches that are evolving:

"However, the severe set-back to economic growth in the late 1970s and early 1980s seems to have generated conflict between social and economic goals and we have in some cases fallaciously considered social goals to be expendable."

The Social Planning Council of Metropolitan Toronto developed the argument from a different perspective:

"Opposition to social spending in Canada may be rationalized by reference to the high level of the government deficit or even a perception of excessive levels of spending. But this is not the real reason for opposition to social spending. Opposition to the provision of adequate social security and a more equal distribution of income rests in the belief that more social equity undermines market efficiency. But the current framework operates on the assumption that more equality and more social security are inimical to more efficiency. Equity has to be traded off against growth and efficiency. This view is simply not true. Greater equity can be achieved in the pursuit of more efficiency. Indeed it may be that more equity and more security of income are the essential prerequisites to sound economic performance."

However, the opposing viewpoint was also advanced. The St. John's Board of Trade captured it well:

"It is clearly in the long-run interests of Canadians to see to the economic viability of Canada first, for the building of Canadian social policies can only be carried out on a strong economic foundation."

With regard to the second recurring theme—the effects of social assistance on its recipients—we found considerable worry among voluntary groups in particular about these effects. We also found widespread concern among recipients and those who work with them as to these effects.

For example, parents in Sydney, Nova Scotia, expressed concern about the effect on their community of a whole generation of young people coming to view full employment as collecting unemployment insurance on the basis of ten weeks of work a year.

Representatives of senior citizens asked for community support services and adequate pensions to allow them to live independently in their homes and to stay out of institutions for as long as possible.

We found, in short, considerable distaste for long-term dependency. This distaste was most strikingly expressed by those receiving assistance. And among those people, if we found a call for more services and more funding from government, we also found unhappiness with bureaucracy equal to that expressed by business groups.

The Canadian Association of Social Workers, for example, told us in Calgary:

"We believe the Canadian welfare state has contributed a great deal to Canada's reputation as a country of peace, order and good government. At the same time, we think it is time to move beyond the welfare state to create a society in which there is a greater sense of community and solidarity than there is at present. The welfare state is associated with bureaucracy, centralization, regulation and control, whereas a welfare society is one in which citizens feel they have some influence over their own individual well-being."

The Canadian Council on Social Development set this idea in the context of unemployment and the possibility of a continuing shortfall in the number of jobs required:

"The Council believes the shortfall to be a long-term trend. And if this is true, then the consequences for social security are enormous. When employment opportunities are removed from a major sector of the population, a 'social contract' is broken.

In fact, it might be appropriate . . . to consider establishing once more, national goals for improving and sharing the quality of Canadian life. One might consider in this context, the responsibility of governments to provide high quality public services, the rights of individuals to services, security and opportunity, and the need for government to

*"Greater equity can be achieved in the pursuit of more efficiency. Indeed it may be that more equity and more security of income are the essential prerequisites to sound economic performance."*

*"As long as Alberta and British Columbia are competing with each other about who is going to sell coal to Japan, the only winners are going to be the Japanese."*

be responsive to that 'other dimension' of human activity—the expression of community dependence and self-help. It seems entirely possible that one might find within this shift toward national goals, government responsibilities, and individual economic and social rights, some help in the resolution of current policy debates such as 'universality-selectivity' in social programs."

These two themes—the need to integrate economic and social purposes and the desirability of encouraging self-reliance rather than dependency through the social system—are important. The realization of their potential depends, however, on a clearer view as to how they could be brought to reality.

### Intergovernmental relations

HERE WE JOIN DIRECTLY SOME OF THE CENTRAL QUESTIONS BEFORE US, RELATIONS BETWEEN GOVERNMENTS AND THE ECONOMIC UNION THAT CANADA REPRESENTS.

Not surprisingly, given the central importance of the issues that dominated events—energy pricing, constitutional powers, rights and freedoms, Quebec's future in Confederation—and the intensity with which they were argued by governments, we found a preoccupation with, and a desire for, national harmony in intergovernmental relations.

Only a few came forward to pursue the debate on the issues that had given their political intensity to recent years.

Rather, what we found can be best described as a reaction against the way those issues were fought out.

To quote again the Mayor of Whitehorse, Florence Whyard:

*"I believe Canadians feel that our form of government has subsided from Confederation to confrontation and none of us likes it."*

In Quebec City, Charles Perrault carried the same message:

*"It is rather disheartening to note that most provincial governments are elected on the promise of protecting the population against Ottawa. A house divided against itself cannot stand."\**

If that is an accurate reflection of the general sentiment, we found federal-provincial conflict discussed most often in terms of problems not solved, interests not served, priorities not set and opportunities lost for want of a common purpose.

Fred MacKinnon, Director of the Senior Citizens Secretariat in Halifax, put it in terms of the unemployment issue:

*"No country—whether it is Canada or any other country—can survive for any length of time, at least our way of life cannot survive—we may survive as a country, but our way of life, if we value it, will not survive—if the current levels of unemployment continue,*

*especially for our young people. I would suggest to you further that that problem will not be solved until labor and government and business get together in a cooperative way and talk to one another cooperatively and try to understand each other's goals and objectives, and secondly, that it cannot be solved until there is a better climate of federal-provincial relations."*

André Carrell, speaking in Whitehorse for the Association of Yukon Communities, put the problem in terms of municipalities being the victims of federal-provincial conflict:

*"It becomes very difficult when, as a municipality, you are caught in between two orders of government that are obviously vying for popularity points—when you have a federal government offering you money on one hand and provincial-territorial governments trying to put road blocks in your way to make sure that whatever brownie points are to be handed out go the provincial-territorial way . . . It has, in our opinion, gone beyond mere competition. It has reached the point—certainly in relations with some provinces—of being hostile relationships."*

Glen Flaten, President of the Canadian Federation of Agriculture, spoke of it in terms of inter-provincial barriers:

*"In Canada we are a high-cost food-producing nation, partly because of the structure of the industry in the country and partly because of the political situation. Our people basically believe in the philosophy of free trade, so long as it is fair. This is difficult to come down to grips with. Non-tariff barriers in Canada very often have been even more difficult for farmers than the tariff barriers have been. They are harder for the government to come to grips with, and certainly they are much harder for farmers to come to grips with."*

The Government of Yukon put it in terms of the cost of competition between provinces for foreign markets:

*"As long as Alberta and British Columbia are competing with each other about who is going to sell coal to Japan, the only winners are going to be the Japanese. It can't be any other way."*

Paul LePage, a director for the United Steelworkers of America, Atlantic Region, spoke of it in terms of investment:

*"You have people from Nova Scotia enticing people in other parts of the world to come and invest in these growth centres. And as they walk out the door, you get a guy from Manitoba going in and making the same offer with a few bucks extra in order to entice him to go to Winnipeg. You get one province playing against the other. To me, that is a poor game to play at the expense of federal and provincial funds."*

George Fleischmann, President of the Grocery Products Manufacturers of Canada, provided a summary of a widely-held view:

*"What we have in Canada today is a poli-*

tical system which is constantly at loggerheads with sane economics."

It is clearly a priority to address this challenge; our hearings reflected the importance of bringing Canada's federal system into greater harmony with "sane economics".

The comments recounted above bear importantly on the economic union.

Walter Light, of Northern Telecom, summarized a widely-shared perception:

"In terms of the Commission's title, I would have to say that the economic union has rarely been less united. If we look around Canada today, we see business against government, labor against business, government against labor, and finally, and perhaps the most tragic, government against government."

Donald Rumball, the editor of a small business magazine, summed up the view, also prevalent at our hearings, that existing barriers to trade within Canada should be brought down:

"Attractive as these restrictions may be to politicians harried by the need to feed a few jobs to the voters before the next election, inter-provincial trade barriers are an absolutely unacceptable aspect of our economic scene at the moment. It is no exaggeration to describe them as suicidal. It will hurt some people to eliminate provincial preferences in government procurement, but the potholes they're creating down the road are far too frightening for us to be fighting over which of the ten fingers in our economic hand get to touch the driving wheel of our economic truck."

There was considerable debate as to how economic barriers should be brought down.

The solution was offered by Premier Richard Hatfield of New Brunswick. He argued that the free movement of goods, services, labor and capital should be guaranteed in the Constitution:

"I do not think it should be done by contractual relationship or by treaty. I think it should be done in the Constitution, because it is that important to the quality of your citizenship."

The Canadian Manufacturers' Association suggested the same approach but offered an alternative:

"In order to reduce inter-provincial barriers to trade, consideration should be given either an economic charter of rights, constitutionally entrenched and guaranteeing the free flow of goods, capital and labor within Canada, or a domestic GATT-type agreement, binding the federal and provincial governments to certain principles, and safeguards, of free inter-provincial trade."

Similarly the Conseil du Patronat du Québec offered this view:

"Businessmen would prefer to see Canada's economy governed by the rules of free trade, thus ensuring the widest possible distribution of goods, services, labor and

capital. An institution independent from government should be responsible for supervising free trade. This institution might already exist—it could be the Supreme Court—and it would have the necessary power to declare ultra vires any impediment to the free movement of goods, services, labor or capital."\*

Yet another option was suggested by the Liberal Party of Quebec in the following comment:

"You might explore the possibility of implementing an inter-provincial code of ethics. Such a code might signal potentially discriminatory provincial government or Crown corporation practices, in fiscal matters, employment, and health and social services. Such an undertaking might facilitate a gradual and orderly retreat from the preferential purchasing policies which are becoming so prevalent within the Canadian common market.

The advantage of this approach is that it puts the questions squarely back where they belong, that is, in the inter-provincial arena, thereby avoiding the central government check of what other levels of government are doing. It would be against the spirit of federalism, in our opinion, to make the federal government the final judge in all matters concerning the preservation of the free movement of goods, services, labor and capital in the country."\*

Another category of options was advanced, involving emerging information technologies. Yvon Valcin, a specialist in electronic money transfers, offered this suggestion:

"This country was built around a railroad in order to resist a twofold geopolitical attraction: the North-to-South attraction, combined with a South-to-North push. Canada will have to learn how to program its entry into the 21st Century around the computer and the microchip."\*

A similar concept was advanced by Len Bruton of the University of Victoria:

"I think we need, for political reasons as much as any other, an informational railroad across this country. You cannot expect Victorians to spend a thousand dollars to go to Ottawa to attend a two-hour meeting and then come back. We don't have that luxury in Canada. But we do have the technological clout to put in a first-rate image transmission system, an informational railroad."

It is clear to us that Canadians place a high priority on strengthening the Canadian economy in strictly economic terms. That is a major part of it. But many who spoke and wrote to us, described their goals in terms of citizenship, of nation-building, and of the other values they hold to represent their idea of Canada. Those values include equal treatment of Canada's regions and citizens.

To return to the other powerful strand of opinion we encountered—the desire for

... inter-provincial trade barriers are an absolutely unacceptable aspect of our economic scene at the moment. It is no exaggeration to describe them as suicidal.



*"Taking the policy-making process out from behind closed doors and putting it back into the legislatures of the nation is the first step. This would ensure the fullest input by all concerned."*

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greater harmony—Canadians prefer that the economic union be strengthened by co-operative means.

Finally, we note a central piece of unfinished business from the constitutional struggle that ended with the Quebec government refusing to accept the accord reached between the federal government and the nine other provinces. This was mentioned on a number of occasions during our hearings, and not only in Quebec.

Caroline Andrew and Jean-Pierre Gaboury, of the Political Science Department at the University of Ottawa, described the nature of that unfinished business in their brief:

*"The Commission's most delicate task will undoubtedly be to find a compromise satisfactory to Quebec; can our political system realistically take another step in the constitutional labyrinth while leaving Quebec in the shadows once again?"\**

The Liberal Party of Quebec set out the following view of its responsibilities should it be brought to power in the province's next election:

*"... once in power, we will have to respect an agenda imposed upon us by circumstances, as you will readily understand. Pressures will be brought to bear on us to accept the 1982 constitutional reform. Since we have a great deal to say on the matter, especially on the amending formula and on the loss of our veto power, our efforts first and foremost will be directed to negotiating the terms and conditions of our acceptance with our Canadian partners."\**

And the national executive of the Parti Québécois set out this position:

*"We still believe that English Canada went astray when it played backroom games in order to impose upon Quebec a constitution contrary to her interests. All the political parties in the National Assembly, in a rare demonstration of unanimity, rejected both the Constitution and the manner in which it was imposed upon us. We further believe that there is no future for either group in the constitutional framework to which you are bound."\**

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## National institutions

PARLIAMENT, THE JUDICIARY, REGULATORY AGENCIES, CROWN CORPORATIONS, THE FEDERAL BUREAUCRACY: THESE NATIONAL INSTITUTIONS WERE OF GREAT CONCERN TO CANADIANS.

Much criticism was focused on bureaucracy. Many suggestions for reform were directed at Parliament itself.

Our hearings were conducted before publication of the report of the Special Joint Committee on Senate Reform. Nonetheless, it was toward the Senate that the largest number of suggestions for reform was directed, particularly in the Western and

the Atlantic provinces and in the Northern Territories.

Although the Senate was central to the issue of institutional reform, attention was also focused on the House of Commons—which had seldom been mentioned on the reform agendas of previous years—and, to a lesser degree, on provincial legislatures.

With regard to the House of Commons, the St. John's Board of Trade offered this view:

*"The legislatures ... are no longer adequate forums for government debate. They are increasingly becoming rubber-stamping institutions for policy initiatives which have already been debated and decided upon in the private quarters of Cabinet, House committees and high-level executive meetings."*

*Taking the policy-making process out from behind closed doors and putting it back into the legislatures of the nation is the first step. This would ensure the fullest input by all concerned."*

The Confédération des caisses populaires et d'économie Desjardins had a similar view:

*"... in the legislative domain, Parliament will have to recoup part of its responsibilities which have devolved upon the executive and the administrative levels."\**

Among those who expressed a similar concern, there was a striking consensus as to how to remedy the problem—through increased independence of the individual Member of Parliament.

Premier Richard Hatfield of New Brunswick, in discussing the possibility of reduced party discipline in the Commons, made the following observation:

*"I believe that the MP today, but particularly the Members of Parliament tomorrow, in this country, are going to be much more independent, and they are not going to be allowed to get away with saying: 'I had to vote that way because of the Whip', or whatever."*

Premier Hatfield viewed this prospect as advantageous for the provinces outside of Central Canada:

*"Anything that is done to encourage Parliament to be a place that represents [only] a political party is going to diminish the political structure, and be dangerous to a province with a population the size of New Brunswick."*

In Vancouver, businessman Gordon Gibson put to us a set of proposals directed towards increasing the independence of Members of Parliament:

*"To strengthen the individual Member of Parliament, I do not think we have to worry about questions like staff or freedom of information. Once they have more real power they will look after that."*

*The essential thing, I think, is freedom from the ultimate weapon that is used every day in the House, and that is the concept of confidence as covering every government*



initiative and leading to an election if confidence is lost on any issue, which the government and the House define as practically every issue. I think that these kinds of changes would lead to a very different Parliament where each MP could count for more. And, as each Member of Parliament counts for more, so does each voter that MP serves."

The Thunder Bay Economic Development Corporation put the concern in broader terms:

"In terms of the present and future ability of our elected representative bodies to control and direct public sector activity, we feel that significant changes, to make the present institutions more responsive and accountable, are needed."

A similar argument was advanced by the Cape Breton Joint Expenditure Board:

"There is no doubt that political conflict, public confusion and other flaws exist in the current practice of public administration. To date, such flaws have been supported in such terms as communication, consultation, and cooperation. However, in reality, there exists an absence of responsibility, accountability and direction."

Or, as it was put by James Palmer, Q.C., in Calgary:

"It is my view that our present political institutions are not doing the job for which they were established."

If this was a general concern, we found a widespread view that Parliament was particularly ill-equipped to reflect regional interests.

The Calgary Chamber of Commerce reflected this view in its proposal for Senate reform:

"We must develop political institutions that will provide for a balance that reflects the national interest while recognizing the unique situation in each province. We propose that a reformed Senate would be directly elected; be elected in equal numbers from each province of Canada; be effective by having significant power."

Here, the focus of reform was on the Senate.

The reforms proposed were of a great variety.

Let us start with one suggestion, brought by only a few in our hearings, that was advanced by Caroline Andrew and Jean-Pierre Gaboury:

"Quite simply, we recommend that the Senate be abolished . . . As it is now, it does not represent the social reality of this country. The Upper House is therefore not in a position to represent the different groups, regions, classes, interests and so on [which make up Canadian society] in a satisfactory manner."\*

Premier Hatfield had a different suggestion—leave it alone:

"We will be raising expectations [by attempt-

ing reform] that, in fact, cannot be realized."

By far, however, the Senate was the institution most often mentioned as being in need of reform. A great variety of proposals was advanced. The following will provide a sampling of that issue.

The Victoria Chamber of Commerce recommended an appointed Senate based on five regions, Atlantic, Quebec, Ontario, Prairies and Northwest Territories, and British Columbia and Yukon with the appointments to be made on the following basis:

"Twenty senators to a region.  
eight appointments—federal government  
seven appointments—provincial  
five appointments—recognized regional entities, for example:

- ☐ chamber of commerce
- ☐ municipal councils
- ☐ university associations
- ☐ labor affiliates
- ☐ management councils."

Frank Maine, a former Member of Parliament, had a different purpose in mind when he appeared in Toronto:

"The government should look seriously at the option of appointing scientists to the Senate as a matter of policy so that our legislators will be prepared and informed to address issues intelligently. I stress the appointment of scientists to the Senate because that would be the simplest and most direct way to ensure a strong voice in government."

The Manitoba Advisory Council on the Status of Women made this recommendation:

"Whether or not the appointment system continues, remains to be seen, but for as long as it does . . . we recommend that this Commission in its final report advise the federal government that there be no further male appointments to the Senate until 50 per cent of Senators are female."

The Association canadienne-française de l'Alberta advised that:

" . . . we endorse the policy of the Fédération des francophones hors-Québec, which recommends equal representation of French and English-speaking Canadians in the Upper House."\*

In Frobisher Bay, John Amagoalik, President of Inuit Tapirisat, was asked whether, in the event of the creation of an elected Senate, he would prefer that senators be elected on the basis of region or province:

"I would think it would be better to have representation by region . . . because Northern Quebec is a big region but it can't really be included with the rest of the province; they [Inuit in Northern Quebec] don't have representation at the provincial level because of the way electoral boundaries are drawn. Areas such as Labrador should also be considered as regions and not considered as part of Newfoundland in those terms."

*"Whether or not the appointment system continues, remains to be seen, but for as long as it does . . . we recommend that . . . there be no further male appointments to the Senate until 50 per cent of Senators are female."*





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## What we heard

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*“What is meant by a region? By a region, I mean a province”.*

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In Charlottetown, Horace Carver, MLA, dealt with the issue as follows:

*“I believe that the method of appointment or election, either direct or indirect, is secondary to the basic premise of whether it will be equality [of provinces] or not.”*

And, in Toronto, the Council of National Ethnocultural Organizations recommended that:

*“... depending on the future system of selection of Senators, special attention be given to appointing an increased number of ethnic Canadians to the Senate so that their number approaches one third, reflecting their numbers in Canada’s population.”*

These different proposals are based on different purposes, and while they reflect the great variety of proposals that we heard, the strongest strand of opinion favored an elected Senate. A critical question relates, however, to the basis on which Senate seats are allocated. The present Senate is based on a rough equality of four regions. The Joint Committee on Senate Reform suggested that seats be allocated by province with the members weighted to take account of both population and the need of the smaller provinces for a larger number of seats than would be warranted on the basis of population.

The suggestion that seats be allocated by province rather than region accords generally with what we heard. In part, this was a result of great confusion about the meaning of the word region.

James Palmer, in Calgary, summed up a fairly prevalent view when he said: *“What is meant by a region? By a region, I mean a province”.*

Although the Joint Committee suggested allocating a different number of seats to each province, we found a significant amount of support for each province having an equal number of seats in a reformed Senate. This was a particularly strong view in the smaller provinces, where there is great sensitivity to the lack of representation in the Commons resulting from having a small population.

We found that the principle of equal provincial representation also had appeal in the North, where the basic aspiration relates not so much to institutional reform so much as to eventual provincial status, and to treatment equal to that accorded other provinces.

However, we would note that Senate reform was not a preoccupation among those who spoke to us in Ontario and Quebec.

The Business Council on National Issues set out the implications of the existing situation and endorsed the equal provinces principle as the basis on which the Senate should be reformed:

*“As currently constituted, the Senate actually serves to reinforce rather than to*

*balance the dominance enjoyed by Ontario and Quebec in the House of Commons by virtue of their large populations. These two provinces hold some 60 per cent of House seats and no less than 46 per cent of those in the Senate as well. Provinces enjoy a strong legal, political and historical identity and legitimacy, whereas the concept of region is much more nebulous. Canada is a federal system in which all provinces possess the same constitutional rights and prerogatives, and this basic element of our federal system ought to be reflected in the composition of the country’s Upper Chamber.”*

These issues will be revisited in the following section.

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## From concerns to challenges

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We hope that the preceding pages capture the essential texture of the main strands woven through the tapestry that unrolled before us.

Many more issues are not included, for our concern here has been to identify the central issues on which we need further advice from Canadians.

Most of those who wrote to us and appeared before us are not quoted here, although they touched on these and other issues. We hope, nonetheless, that they will find their ideas and concerns reflected in the words set out above.

And we hope that they will give us the benefit of their further thinking on these central issues.

We turn, then, from what we heard from Canadians to the challenges and choices that derive from what we heard.

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# Basic Challenges/ Basic Choices

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## The agenda for consultation

How can we better manage and adjust to change? If there is a single, major concern among Canadians, it relates to that question.

That this should be so is not surprising. Canada has had a decade of extraordinary change. Sometimes, it has been imposed from outside and other times, created from within; sometimes, it has been sudden and disruptive and other times, deep-running and barely noted at the outset, but gathering force like an avalanche.

Oil and food prices soared for quite different reasons and fell for reasons different again. Quebeckers elected to government a political party committed to independence. New groups asserted themselves in new ways. Interest, inflation and unemployment rates reached levels unprecedented in the post-war years. New competition arose for traditional industries such as the automotive, steel, clothing and shoe industries, and then, for the resource industries. Technology put others under stress.

Regardless of its sources, and regardless of whether it came suddenly or slowly, change has had the effect of calling into question basic assumptions, values and institutions at every level of society, from the shopfloor to the Cabinet room, to the international economic system.

HOW SECURE IS MY JOB? WILL I BE ABLE TO GET ANOTHER ONE? WILL I BE ABLE TO AFFORD TO BUY A HOUSE, OR TO KEEP THE ONE I HAVE? WHAT SHOULD I STUDY IN SCHOOL? WHAT SHOULD THE CHILDREN STUDY?

These have always been important questions in Canada, and in every land. But the pace and order of change in the last decade created far greater doubt among far more people as to the answers.

Not surprisingly, we found a great desire among Canadians for greater stability. But, side by side with that desire, we also found a widespread recognition that change, there will be. And along with that recognition, we found a preoccupation with finding ways to anticipate it, prepare for it, and equip ourselves to both maximize the benefits it might bring and minimize the hardship it might cause.

If there is a widespread feeling that change will mark the coming decades, there are nonetheless certain constants in what we heard. The basic constant is that human concerns need to be central to our response to future change.

From that human perspective, regardless of the forces at work, we found an emphasis on:

- Self-reliance
- Working together
- Equality of opportunity
- Predictability
- Excellence

The obstacles to fulfilling these shared aspirations are many and formidable, from old habits of confrontation, to new forms of technology, to geography itself.

Powerful forces, whether imposed on us by the vicissitudes of world affairs, or generated from within, work against their attainment.

These obstacles and these forces were well noted in our hearings, and are evident in Canada's history. Indeed, it was often observed that certain aspirations, of necessity, deny the full attainment of others.

Clearly, the endeavor to fulfil our aspirations involves more than understanding the obstacles we face and removing them. It involves an ongoing—indeed an eternal—balancing of our aspirations, one against the other, and a constant reconciling of contradictions in search of consensus on broader social, cultural and economic goals.

That, too, seems well understood.

If these aspirations are difficult to fulfil—if indeed it is possible to fulfil any of them to everyone's satisfaction—they are qualities that Canadians nonetheless seek in their country, and standards by which they measure its progress.

Even if there are other qualities Canadians hold to be important—and there are—we consider these as a good starting point for defining what needs to be done in order to manage change, and as good criteria for assessing the alternative ways to go about it.

Let us try to set out, then, what we take to be the way Canadians define these aspirations.

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## Self-reliance

This aspiration is deeply grounded in Canada's history, which was formed by centuries of effort to carve a country from the wild.

For some, self-reliance, more than an aspiration, is a contemporary necessity. Most obviously, that is the case in Canada's Northern lands and high Arctic islands, where the tendrils of the money economy touch in a still-limited way, the traditional

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*... human concerns need to be central to our response to future change.*

... we found a pervasive sense that working together has become an imperative in order to meet the strength and vigor of international competition.

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practices of many of Canada's original peoples. But it is not confined to these peoples. Modern, industrial, urban society has its own imperatives in terms of self-reliance, as does its companion aspiration, individual responsibility.

This aspiration shows up most strikingly among those who see themselves as being particularly dependent on government. That applies equally to have-not provinces and have-not people. They would rather not be dependent. But because they are dependent, they would rather take directly more of the decisions that affect them, than have those decisions taken by people perceived to be untouched by the consequences.

It shows up most often in the recognition that the key to self-reliance rests on the opportunity to work. The practical limit to self-reliance in modern Canada lies in the dependence of most Canadians on the economy's capacity to generate jobs, and on the capacity of private and public institutions to anticipate and adjust to changes in a way that generates new opportunities for employment.

There is, in this aspiration, a strand of rugged individualism. But far more important is the concept, equally grounded in the experience of an earlier time, of mutual self-help and shared responsibility for the well-being of others in both community and country.

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### Working together

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This aspiration, too, has deep roots in Canada's history. Our history is one of figuring out ways to stay together, and of avoiding what might render it difficult to continue to do so.

After the intense economic pressures that the country has faced, we found a sense that it is necessary to go beyond staying together; we must work together.

In large measure, this aspiration showed up in our hearings, not in its positive sense, but in its negative sense: in terms of what Canadians do not want.

WE FOUND, IN OUR HEARINGS, A NATIONAL WEARINESS OF CONFLICT, NOT SIMPLY BETWEEN GOVERNMENTS, BUT ALSO BETWEEN LABOR AND MANAGEMENT, BETWEEN DIFFERENT SOCIAL AND ECONOMIC GROUPS, AND BETWEEN PROVINCES AND REGIONS.

More than that, we found that Canadians, sharply attuned to the impact of world events on their well-being, are concerned about the cost of conflict and fragmented effort.

There are practical limits, too, to achieving the harmony that this aspiration implies. Canada is a land of great distances and

great diversity. In themselves, these facts imply different interests and objectives, and make more difficult the task of defining common purposes.

WE ALSO LIVE IN A SOCIETY THAT, LIKE OTHER SUCCESSFUL SOCIETIES, VALUES COMPETITION AND, INDEED, RELIES UPON IT FOR BASIC PROTECTION: our judicial, electoral, parliamentary, and economic systems are all based on competition, and, in large measure, are deliberately adversarial. However, we found a pervasive sense that working together has become an imperative in order to meet the strength and vigor of international competition.

At minimum, we found a desire to take the confrontational edge off our traditional adversarial approaches.

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### Predictability

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This aspiration is both a natural human desire and the product of a tumultuous decade.

Change has been incessant, at times abrupt, and always unsettling. Canada, like other countries, has absorbed heavy economic and political shocks. Some have been the result of nature, some of war, some of palace politics and religious passions of distant lands, and of the policies of others not so distant.

There is a broad expectation that this pattern will mark the future. It may, or again it may not, but the rise of new technologies and of new competitors exploiting old technologies, suggests at least a need to continue to accommodate unsettling change.

IN A BROAD SENSE, WE FOUND THAT CANADIANS WERE PREPARED TO DEAL WITH CHANGE, BUT WERE ALSO SEEKING BETTER WAYS TO ANTICIPATE IT, ADJUST TO IT AND EXPLOIT THE OPPORTUNITIES IT OFFERS WHILE MINIMIZING THE DAMAGE IT MIGHT CAUSE.

In a narrower sense, this aspiration relates more to governments. It involves a widespread sense that the rules of the game have changed too fast and too often, in terms of taxes, regulations and administration.

If this aspiration relates to the desire for a longer-term stability of the policy environment, so that people can plan further ahead in the expectation that the rules of the game will not change, it does not imply no change at all.

Rather, it seems to imply greater advance consultation with those who will bear the brunt of changes, greater involvement of those affected in making the decisions, and greater openness in the governing processes. And this, it seems to us, applies to labor-management relations, in terms of both notification about planned changes, and consultation on their implementation.

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## Equal opportunity

As with unity, the quest for equality of opportunity is a constant throughout our history. It cuts across locality, social and economic status, language, age, sex, religion and race.

It is a constant but it is also subjective, and so, unending. Canada is not unique in this.

THE NATURE OF CANADA IMPOSES OBSTACLES THAT OTHERS DO NOT FACE, SO THAT THE WAY IN WHICH WE PURSUE EQUALITY OF OPPORTUNITY HAS OFTEN BEEN UNIQUE.

We have accommodated to the inequalities created by great distance and unevenly scattered resource endowments through complex systems of intergovernmental transfers, subsidies, and programs directed at making up for the lack of opportunities in particular provinces and regions, and by using Crown corporations and regulations, particularly in the areas of transportation and communications.

We have accommodated to other inequalities by constitutional means, by affirmative action for those who are disadvantaged or have suffered discrimination, and by other measures intended to match the reality to the ideal.

We have sought constantly to compensate for nature's unequal dispersal of wealth—be it fertile soil, fast-growing trees, mineral deposits, fresh water, or schools of fish—across a vast territory and its surrounding waters. We have constantly adjusted to changes imposed upon us that have transformed the value of those resources and, sometimes with disruptive speed, have destroyed opportunities where they existed, and recreated them elsewhere.

We cannot say, on the basis of our hearings, that Canadians feel that the quest for equality of opportunity has been altogether successful.

We can say that it remains a basic aspiration of Canadians, whether they define equality of opportunity in terms of where they live, or in terms of who they are.

## Excellence

Achieving excellence is seen as being fundamental to our success as a country, economically and otherwise.

It showed up consistently in the demand that the next generation be equipped to achieve excellence, and in a widespread concern that our education system is not providing that basis for excellence.

Equally, it showed up in a concern that we are not—for the way we go about things—achieving the degree of excellence that we could.

WE FOUND A GENERAL RECOGNITION, FOR EXAMPLE, THAT THE TALENTS, IDEAS AND EXPERIENCE OF WORKING PEOPLE ARE AN UNDERUTILIZED NATIONAL RESOURCE OF IMMENSE IMPORTANCE.

We heard about—and observed first-hand—examples where these talents and experience have been better used than in the recent past. But we also heard more on how we have just begun the task, and that far more needs to be done.

Excellence, like the other qualities Canadians seek in their country, is difficult to define, both in terms of what it is, and of how to achieve it.

But achieving excellence implies, at a minimum, a willingness to choose areas of specialization where we should concentrate talent and money, scarce commodities both, in order to excel.

That, by definition, implies choosing what we will *not* do—the old dilemma of selecting winners and losers, and, in the Canadian context, deciding who will decide.

That, in itself, is difficult enough. To try to anticipate the winners of tomorrow who will replace the winners of today, is more difficult still.

## The agenda

THESE, THEN, ARE QUALITIES THAT CANADIANS CONSIDER TO BE IMPORTANT, ASPIRATIONS THEY SEEK TO FULFIL AND TO HAVE THEIR COUNTRY FULFIL, STANDARDS BY WHICH THEY MEASURE WHAT IS DONE. BEYOND THAT, IN THEMSELVES, THEY HOLD LITTLE MEANING. THEY TAKE ON THEIR MEANING ONLY IN TERMS OF SPECIFIC CASES, OF MAJOR CHALLENGES, AND HARD CHOICES.

AGAINST THAT BACKGROUND, WE HAVE SET OUT BELOW THE AGENDA THAT WE SEE AS CRITICAL TO SETTING A NATIONAL COURSE FOR THE FUTURE.

WE HAVE GROUPED THOSE CHALLENGES INTO EIGHT SETS OF MAJOR CONCERNS AND ISSUES. IN DIVERSE WAYS, HOWEVER, EACH GROUP IS TIGHTLY BOUND TO THE OTHERS. SOME OF THE PRINCIPAL CONNECTIONS BETWEEN ISSUES WILL BE MADE CLEAR.

... we are not—  
for the way we go  
about things—  
achieving the degree  
of excellence  
that we could.





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# Jobs and Costs: The Challenges

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The challenges here are of immense importance. They can be simply stated in terms of the following objectives:

- FULL EMPLOYMENT
- STABLE COSTS AND PRICES

Each poses, in itself, challenges of great complexity. Each has bearing on the other challenges we face—for example, on the burden to be borne by social policy—and other challenges bear on them—the pace of productivity improvement, for example.

Taken together, however, the complexity is enormously greater. Achieving both at once has proven impossible for more than a decade. The world economy, for reasons both natural and man-made, has been a source of major disruption. Inflation has been a constant preoccupation. Higher levels of unemployment became a serious worry.

By the onset of the 1981 recession, whether judged against world competition or against Canada's post-war performance, neither of these objectives was being satisfactorily achieved.

Apart from the economic consequences, this performance also undermined the confidence of policy-makers and economists in their understanding of the economic forces at play, of how to control them, and of how to manage economics for both high levels of unemployment and low rates of inflation.

In light of that experience, the over-arching challenge here, is to find ways to prevent the full force of domestic and international changes from translating directly into higher inflation and into higher unemployment. But, equally, it is to find ways to bring about full employment without creating our own disruptions—for example, by creating cost pressures, which diminish our ability to produce for world and domestic markets under intensely competitive conditions.

Within that context, then, let us examine in turn each of these challenges and some of the choices it involves.

## The Challenge: Full employment

TO PROVIDE MEANINGFUL EMPLOYMENT FOR  
THOSE WILLING AND ABLE TO WORK.

### ■ THE BACKGROUND

The goal of full employment has been the sea anchor of Canadian economic policy since the end of the Second World War.

The goal was set out in the White Paper on Employment and Income in April 1945. It was defined in terms of maintaining a “high and stable level of employment and income”.

The White Paper, as the text noted, wanted to inaugurate policies which would “break new ground.” Most importantly, it marked the assumption, by the national government, of responsibility for employment. Through a constitutional amendment in 1940, responsibility for unemployment insurance had already passed from the provincial to the national level.

The challenge we have set out above subsumes the goals of the White Paper: a high and stable level of employment and income. It adds a higher aspiration, one that is more difficult to fulfil.

That aspiration, captured in the word “meaningful”, reflects the altered view of work that has developed in the four decades since the national commitment to full employment was first made. No longer simply a means to earn a living, although employment remains central in that regard, employment is seen by many as the principal means by which Canadians contribute to community, province and country, and fulfil themselves as individuals.

The different view of work that many Canadians seem to hold reflects the profound changes in the Canadian economy since 1945.

In April 1945, Canada was fully employed in a war economy. Behind that situation lay vivid memories of the deep recession that followed the First World War, and of the even deeper Depression of the 1930s. War had employed the unemployed, drawn farmers off the land, and provided employment for women in unprecedented numbers.

Some five million Canadians were in the work force in 1944, compared to 3.7 million at the start of the war. But more than 700,000 were in the armed forces and would be returning to civilian life. The White Paper estimated that when war ended, some 900,000 more jobs would be required of the

*... the over-arching challenge here, is to find ways to prevent the full force of domestic and international changes from translating directly into higher inflation and into higher unemployment. But, equally, it is to find ways to bring about full employment without creating our own disruptions*

economy than had existed at the start of the war—this, in a country of 12 million, half of today's population, and much more dependent on agriculture for employment.

The commitment, then, in terms of what was expected, was an exceedingly bold one. In the event, unemployment was not the problem that had been anticipated. Demand for consumer and investment goods, bottled up by wartime controls, helped to produce an economic boom that became a period of sustained growth, in Canada and abroad.

In the ten years after the war, unemployment in Canada averaged 3.2 per cent. From 1957 through to 1973, average unemployment moved above five per cent. From 1973 to 1981, the average had moved up again, above seven per cent.

However, until the 1981 recession, more jobs were created each year compared to the previous year, except in 1958, when 25,000 jobs were lost. FROM 1972 TO 1982, THE CANADIAN ECONOMY CREATED AN ADDITIONAL 2.3 MILLION JOBS, A CUMULATIVE INCREASE OF 27 PER CENT—THE STRONGEST EMPLOYMENT CREATION PERFORMANCE AMONG INDUSTRIALIZED COUNTRIES.

This employment record is the more impressive for the powerful forces that were at work, expanding the population and transforming the work force.

In 1946, 67 per cent of employed Canadians were paid workers. The rest were employers, farmers, unpaid family workers, and the like. By 1981, 90 per cent were paid workers.

In 1946, 77.6 per cent of those in the work force were male, and 22.4 female. By 1981, 59.3 per cent were male, and 40.7 female.

In 1946, one Canadian in four worked in agriculture. By 1981, one worker in 20 was in agriculture. Employment in manufacturing declined in the same period from 26 per cent to 19.4 per cent, while employment in the retail and wholesale trades had risen from 12.3 per cent, to 17.1 per cent. And by far the largest source of employment was in community, business and personal services, and public administration—rising in those years from 16.8 to 36.7 per cent.

That, then, is a sketch of Canada's employment creation record through to the start of the 1981 recession.

We come now to the recession that began in mid-1981 and continued through 1982. In 1982, a year like no other since the Depression, 350,000 jobs were lost. This does not fully reflect the depth of the recession or the loss of jobs it caused. From the August 1981 employment peak, to the trough of the recession in November 1982, some 595,000 jobs were lost. When we held our hearings, despite a year of strong employment growth—374,000 jobs were created between November 1982 and Novem-

ber 1983—these employment losses had not been fully made up, and the labor force had grown by some 200,000 job-seekers.

Against that background, the challenge of sustaining a high level of employment is a strikingly different one from that faced by the country in 1945. The labor force is different. The economy is different. The world in which we trade is different. And the employment aspirations of Canadians are different and higher.

To this, we would add the impact of rapid and pervasive technological change. At our hearings, a few—with an eye to recent inflation rates and future change—questioned whether full employment was any longer an appropriate objective.

Our view is that it must be a fundamental objective. Indeed, restoring a high level of employment is basic to overcoming a number of the other challenges posed on these pages. Providing meaningful employment is a challenge with implications that Canadians have only begun to explore.

## The Challenge: Stable costs and prices

TO CREATE AND SUSTAIN A STABLE COST AND PRICE ENVIRONMENT.

### ■ THE BACKGROUND

Let us begin again with the White Paper of 1945. Its central concern was employment and income, but it contained a few paragraphs on the need to control inflation as the economy moved out of wartime controls:

*"High post-war employment can be based only on high production and an absolute essential in achieving this objective is to keep prices in hand during the transition."*

In the event, inflation was the problem that confronted Canada in the immediate post-war years.

The first burst of inflation came in 1947–48, the second in 1950–51.

Average rates of inflation were, by recent standards, relatively low. For the period 1947 through to 1956, despite the two bursts into double digit inflation, the Consumer Price Index increased by an average of 4.3 per cent a year. From 1957 through to 1966, the average was two per cent a year, although the rate varied from year to year. But by the late 1960s, domestic inflation was of growing concern.

While the average inflation rate for the period, from 1967 to 1973, was 4.4 per cent, this was sufficient to produce a number of new approaches, notably the Prices and Incomes Commission. The comparable problem in the U.S. led, in 1971, to a wage and price freeze, and to controls.

THE BREAK FROM POST-WAR EXPERIENCE CAME IN THE EARLY 1970s WHEN COMMODITY

... restoring a high level of employment is basic to overcoming a number of the other challenges posed on these pages.



PRICES ROSE DRAMATICALLY AFTER A LONG-PERIOD OF STABILITY AND, PARTICULARLY, FOOD PRICES SURGED UPWARD. THE MAJOR PRICE SHOCK HIT IN 1973-74 WHEN OIL PRICES QUADRUPLD ON THE INTERNATIONAL MARKET.

The average annual rate of inflation for the period from 1974 to 1981, was 9.7 per cent. But this, dramatic enough in comparison to the previous 20 years, masks the much higher peaks that marked the opening and the closing of this period.

The first peak, in December 1974, was 12.3 per cent, over the previous December. It led to the Anti-Inflation Program and to a new monetary policy directed explicitly at limiting the growth of the money supply. The second peak was in July 1981, at 12.9 per cent, leading to interest rates that rose to unprecedented levels, then to recession.

At the time of our hearings, the inflation rate, under the pressure of the recession and various measures to control prices and wages, had fallen to well below the rate of

1981. It was, indeed, lower than at any time since the early 1970s. At the same time, it was higher than the rate prevailing in countries that are major customers—notably the U.S., Japan, the United Kingdom and West Germany—and major competitors in the Canadian market.

The challenge of price stability, as the last decade has demonstrated, is an inordinately difficult one. What emerged from our hearings was the fundamental issue of whether greater damage was done by inflation, or by the means employed to combat it.

Not surprisingly, in light of relatively lower inflation and continuing high unemployment, we found far greater concern with the cure than with the disease of inflation.

But, as well, we found a strongly held and contrary view that was basically unchanged from the position set above in the 1945 White Paper—that keeping prices in hand was “an absolute essential” to achieving high and stable levels of employment.

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## Jobs and Costs: The Choices

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The basic approaches to achieving full employment and price stability fall into four broad categories:

- expansionary policies,
- direct intervention,
- improved operation of markets,
- “business as usual”.

### Choice 1:

Expansionary policies coupled with approaches to limit inflation and inflationary distortions.

This choice involves a central debate we found concerning the best approach to restoring and maintaining high levels of employment and real income.

That is: is the best route to full employment through expansionary policies, coupled with complementary policies to limit inflation that might result and diminish its distorting effects? Or is the best route to concentrate on establishing non-inflationary conditions for sustained real growth that will provide the basis for sustained high levels of employment?

This choice presupposes that the goal of full employment is the first priority in terms of the purposes of government policies used

to affect overall economic performance.

Apart from the general use of expansionary monetary and fiscal policies, it is possible to use public spending to stimulate employment growth on a selective basis. Public funding of capital projects may increase short- to medium-term employment. The adverse inflationary consequences of public spending can be moderated through the selection of projects in sectors where there is excess capacity.

Using this approach, governments could accelerate projects related to low-cost housing, environmental protection, or other public facilities. Industrial sectors, which are recovering slowly, could be selectively stimulated without accelerating the inflation rate.

However, some inflationary pressure may occur: it is not possible to target selective stimulation perfectly, and the Canadian economy is open to shocks. Thus, policies to contain the possibly inflationary consequences of this approach, and to make it easier to live with inflation, are a complementary requirement.

In order to minimize the inequities and distortions caused by inflation, governments could extend indexing to aspects of the tax system not now adjusted for inflationary effects. Public policies could thus encourage fuller indexing of pensions and of financial instruments such as bonds and mortgages, and facilitate inflation-adjusted accounting.

## Choice 2: More direct government intervention.

The argument for more direct intervention is based on the view that the substantial "market power" of some economic groups makes it more difficult to achieve reasonable price stability and full employment. Furthermore, there is a concern that technological change might mean that a significant part of the work force will face great difficulty in finding meaningful employment. Direct government intervention can fall in two general areas.

The first is in the wage-price setting process. The possibilities range from general or partial income and price controls, to targets or guidelines. One other possibility involves the use of the tax system, through so-called Tax-based Income Policies (TIP), which would reward moderation and penalize increases in income exceeding established limits.

Alternatively, there remains the possibility of government, business, and labor agreeing on a social contract to limit excessive income and price increases, encourage economic growth, and provide for the equitable distribution of income.

The second, is in the area of job creation and in the distribution of work. Direct influence on prices and income might allow higher employment while avoiding inflation. In addition, meeting the challenge of full employment might require various types of employment creation programs. Governments can create jobs directly in socially useful projects such as reforestation, local services and public works. Public funds can also be allocated to voluntary organizations to develop community services. Indirectly, the legal framework of the labor market could be changed in order to spread existing work over a larger proportion of the labor force. Work-sharing, a shorter work week, increased vacations, increased training and paid educational leave, early retirement and stronger disincentives to the use of overtime are some obvious possibilities.

## Choice 3: Improving the performance of markets

Some of the current difficulty in achieving lower unemployment rates is due to various rigidities in labor and product markets, some of which are the result of government intervention.

Governments affect prices and wage settlements in the way they set regulated prices, and through marketing boards. As

well, restrictions on international and inter-provincial trade can put upward pressure on prices and costs.

Some Canadians have argued, for example, that unemployment insurance provisions have contributed to unemployment over the last 12 years, and that the minimum wage limits affect employment prospects, especially for youth and those without work experience, in small businesses and the service sector. Inadequate labor market information, coupled with impediments to labor mobility, may delay the filling of jobs and the acquisition of skills to exploit new job opportunities.

One clear choice involves deregulation, generally, or in specific sectors.

## Choice 4: Business as usual

Some innovative adjustments within the framework of existing approaches might improve our general performance.

Improving the operation of the labor market is one potential area.

Canada spends relatively large amounts on manpower programs. The pay-off, in terms of reduced unemployment, has so far been disappointing. This is partly due to the fact that some tax provisions and financial market regulations constitute disincentives—or even barriers—to job creation by the private sector and small business, in particular, and to labor mobility. One possibility might be improved mobility grants for the unemployed. Another might involve better forecasting of occupational needs. In order to provide better training for students or unemployed workers, and to maintain people in their jobs, the European idea of a "levy-grant fund" might be tried in Canada. This would involve employers contributing a small percentage of the company payroll to create a fund from which the costs could be drawn to cover in-house training.

Another area of potential involves measures to facilitate the maintenance of lower inflation rates. In addition to monetary and fiscal policies designed to stabilize prices, and short of mandatory controls, governments might, through ongoing consultation with business and labor, establish reasonable and achievable targets for economic performance.

As well, there is potential for improvement in the private sector. Would the industrial relations system respond differently to exceptional inflationary conditions with shorter-term contracts, a greater use of provisions for re-opening long-term contracts, or contracts that expire simultaneously, on a sectoral or a national basis?



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# Trade and Industrial Development: *The Challenges*

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From the time of earliest settlement, Canada has relied on trade as the basis for economic development—first cod, then furs, and on through timber, grain, gold and oil, to subway cars, telephone systems and the Canadarm.

Equally, what we buy and sell has been connected to the question of where industrial development will go within Canada, who will benefit and how industrial opportunities will be more equally shared among Canada's regions.

The challenges can be set out in terms of two objectives that have been central throughout our history:

- SECURE AND GROWING MARKETS
- BALANCED INDUSTRIAL DEVELOPMENT

The first relates both to foreign markets and to the Canadian market, whose expansion and development offers opportunities for growth on the part of Canadian companies. Parts of that market are not as accessible as they might be to the products and services of other Canadians. This issue, an aspect of Canada's economic union, is discussed later in this section.

The Canadian market is becoming more open to foreign products and services as tariff levels decline in accordance with international agreements. International trade in services also continues to expand. Some of those who wrote to us argued that the Canadian market is occasionally more open to foreign products and services than it is to those of domestic origin.

The possibilities for achieving the second objective, balanced industrial development, rest, in large measure, on the set of trade relationships that Canada defines as being in its best interests, and that it can develop. The industrial policies that will be required turn very much on the size of the reasonably secure market to which Canadians have access, and on the growth potential of that market.

If that market were to become increasingly closed to the products of the world, we would require one set of policies. If it were to be more open to the world, another set would be required.

To turn, then to these challenges.

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## *The Challenge:* Secure and growing markets

TO ESTABLISH A LONG-TERM TRADE STRATEGY, AND THE COMPLEMENTARY POLICIES, TO MAXIMIZE ITS BENEFITS TO CANADA.

### ■ THE BACKGROUND

This challenge is older than Confederation itself. More than ever, the challenge is a fundamental one for the Canadian economy.

The trading environment that Canadians have known is undergoing rapid change. Less developed countries are competing in areas of traditional Canadian export strength, the resource trade. Newly industrialized countries are competing in the manufacturing sector. Industrialized countries are competing fiercely in areas of high technology and capital goods.

As the 1979 Tokyo Round of tariff reductions take effect, the protection of Canadian industry by the traditional means of the tariff is declining to historically low levels.

WHAT IS THE MOST ADVANTAGEOUS RELATIONSHIP FOR CANADIANS TO HAVE TO THE WORLD ECONOMY AND, PARTICULARLY, TO THE U.S. ECONOMY?

Canadians have periodically moved toward greater or lesser dependence on the U.S. market as a basic ingredient in economic development, seeking at once to exploit our proximity and to maintain a certain distance by diversifying our economic interests. Prior to the Second World War, Canadian export trade reflected that diversification and fell roughly into a triangular pattern. In the 1926–29 period, for example, 38 per cent of our exports went to the U.S. and 32 per cent to the United Kingdom. However, two thirds of Canadian imports came from the U.S. and 16 per cent from the United Kingdom.

The war drove the Canadian and U.S. economies closer together. But it was the post-war period that fundamentally altered Canada's trade pattern. In 1946, 39 per cent of Canada's exports went to the United States. By 1981, that percentage had grown to 66 per cent. The British connection had declined from 26 per cent to four per cent and Japan, at six per cent, had become our second-largest customer.

Imports from the U.S., some 75 per cent in 1946, had settled at 69 per cent by 1981. Canadian imports from the United

*The industrial policies that will be required turn very much on the size of the reasonably secure market to which Canadians have access, and on the growth potential of that market.*

Kingdom had declined to three per cent and, again, Japan was our second-largest supplier.

The change in the composition of our trade was just as striking. In 1946, raw materials accounted for 45 per cent of our exports. By 1981, this had declined to 30 per cent. End products had accounted for 15 per cent of our exports in 1946. By 1981, this percentage had risen to 31 per cent, with almost half accounted for by Canada-U.S. trade in cars and parts.

The Canada-U.S. automotive trade, indeed, has been a principal reason for the dominance of the U.S. connection in both our imports and exports.

The increasing importance of Canada-U.S. trade has taken place despite a consistent emphasis on multilateral trade arrangements and repeated efforts to diversify our trade, either by emphasizing increased trade with Europe, as was attempted in the early 1970s, or with the Pacific Rim countries.

Dependent on world markets, Canada is more sensitive to disruptions in those markets, and to competition from other economies—often quite small countries—that have chosen to specialize on a world scale for employment. Others have felt the same pressures as we on traditional industries. The international response has been the growing use of a great variety of non-tariff barriers.

As well, whole new industries are appearing which are not covered, or are inadequately covered, by rules established under different circumstances, at a different time. Many of these industries have as their basic ingredient, not steel and wood, cloth and plastic, but information, easily acquired, easily reproduced, easily shipped. These include computer chips and software, audio and video tapes, financial records, industrial technology, satellite signals, and the list goes on.

IN THAT WORLD, INTERDEPENDENT, HIGHLY COMPETITIVE, AND INCREASINGLY OPERATING IN A NO-MAN'S-LAND IN TERMS OF THE RULES OF THE GAME, WHERE DOES CANADA'S BEST INTEREST LIE? Does it lie in steadily working to modernize world-trading rules? Does it lie in securing our access to the U.S. market, either selectively or generally, to get in under U.S. protectionist measures that may be directed at others, but nonetheless affect our trade and the jobs that derive from it? Or does it lie in drawing greater distance from world markets and the U.S., and concentrating on preserving the Canadian market for Canadian goods and services?

In our hearings we heard each suggested as a long-term course. Our challenge is to define the best course.

## The Challenge: Balanced industrial development

TO ENSURE MAXIMUM BENEFIT FOR CANADIANS FROM CANADA'S ECONOMIC POTENTIAL THROUGH INDUSTRIAL DEVELOPMENT BASED ON THE STRENGTHS OF CANADA'S REGIONS.

### ■ THE BACKGROUND

The story of Canada's industrial evolution is a tale of constructing a national economy on a vast resource endowment and never being entirely happy about it.

The economic foundation for Confederation was built upon primary resources: forest, fishery, mining and farming.

Of these, the forest was the mainstay, in some measure because it was necessary to cut the trees to make room for the farms. But it also was basic to the shipbuilding of the Atlantic in the age of wood, wind and sail. The trade in square timber had already provided the basis for important commercial enterprises and great private wealth. Railways often were built to reach new timber, and settlement proceeded along the tracks.

Rafts of lumber floated on the rivers. The smell of wood was constantly in the air. The lumberjack was the archetypal Canadian figure. Canada's capital was put in the middle of a mill town—because, as Sir Edmund Head advised Queen Victoria, “I believe that the least objectionable place is the city of Ottawa”. Furthermore, the Governor General was to be permanently housed in a vast stone residence built for a timber baron, Sir Thomas McKay.

The industry physically marks the country to this day. Surrounded by the government towers of the national capital, a paper mill daily turns trees into products. In spring, the logs float down the Gatineau River into the Ottawa River within sight of Parliament.

And so is the country still marked by the ancient debate about how to become less “hewers of wood” and more something else. If the forest remains an economic mainstay, and Canadians—as we were told several times—are the “best hewers of wood” in the world, and there is nothing wrong with that, the quest to be something else remains. But what is that something else to be?

The debate encompasses an historic tension between resources and manufacturing. The former depend on access to world markets whereas the latter was built behind the tariff wall of the National Policy of 1879—and the consequences of that policy mark the country, and fuel a continuing debate, too, because it encouraged the development of a branch plant economy.

IF THE DEBATE IS ABOUT INDUSTRIAL STRUCTURE, IT IS ALSO ABOUT REGIONS. The effect of economic factors and policies has been to

... whole new industries are appearing which are not covered, or are inadequately covered, by rules established under different circumstances, at a different time.

*Employment in the service sector now outstrips both the resource and manufacturing industries combined.*

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concentrate manufacturing where it first developed on a large scale in Canada, in southern Ontario and Quebec, and to produce a continuing dependence on resource-based industries in the remaining provinces and in the North.

Nonetheless, the economy of Canada has been fundamentally transformed. The Second World War gave tremendous impetus to industrial development. The way it came about gave government a central role in that transformation.

If Canada's earlier development—from canal-building to the transcontinental railroad—had depended heavily on government involvement, the demands of the war economy had produced 28 new Crown corporations that were deeply involved in industrial production. Most of this industrial capacity was subsequently transferred to the private sector.

In the years since the war, the government role in industrial development has been particularly evident in dealing with regional disparities. A major tool has been the use of industrial subsidies and incentives to encourage industry to locate in the less-industrialized parts of the country.

Nevertheless, in the post-war period,

Crown corporation assets grew steadily, particularly at the provincial level.

As a percentage of Gross National Product, Crown corporation assets rose, over the last 20 years, from 14.7 per cent to 23.9 per cent. At the federal level, however, assets of Crown corporations actually fell in the same period from 18.7 per cent of GNP to 15.1 per cent.

IF THE DEBATE OVER RESOURCES VERSUS MANUFACTURING REMAINS CRITICAL, TWO CHANGES IN ORIENTATION AND STRUCTURE MAY BE THE KEY TO THE FUTURE. First, manufacturing is becoming increasingly oriented to the export sector, in considerable measure because of the declining tariffs of other countries as well as Canada's. Second, the service sector—wholesale and retail trade, financial services, engineering, education, health services, public administration and the like—has become a more important part of the economy. Employment in the service sector now outstrips both the resource and manufacturing industries combined.

The challenge of industrial development, then, is of paramount importance. But it is becoming a challenge with a different shape and form.

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## Trade and Industrial Development: *The Choices*

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For a country such as Canada, dependent on foreign markets and open to foreign competition, perhaps the most basic choice in terms of industrial development involves the choice as to Canada's future trade orientation. Selecting one orientation or another will determine what industrial approaches need to be emphasized and the extent of government involvement required to achieve the industrial development that is sought.

One alternative is for a more protected economy in which government is centrally involved in planning the economy. The opposite approach would involve an increasingly open economy, possibly including bilateral free trade arrangements, with less of a government role, and greater reliance on market forces to adjust the economy to changing conditions. The openness of the economy to external forces would necessarily limit the capacity of government to

execute an industrial strategy as such, but would not eliminate the need for industrial development policies to ensure balanced growth throughout the country.

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### Choice 5: Trade orientation

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Canada's external economic relations are dominated by a close relationship with the United States.

■ ONE OPTION IS THAT OF FREE TRADE OR SPECIAL TRADE ARRANGEMENTS WITH THE UNITED STATES, but possibly with other countries as well, such as Japan. Bilateral arrangements might be limited to key sectors, as is the case at present with the Canada-U.S. auto pact, and the Defense Production Sharing Agreement. Canada is one of the few industrialized countries without privileged access to a market of more than 100 million people. Given the uncertainty caused by the world-wide resort

to non-tariff barriers, this option could preserve, and possibly increase, our export potential.

Such an option requires careful analysis of the instruments necessary to manage these trade arrangements. Just as important, Canadians would have to assess the impact such arrangements might have on Canada's sovereignty, independence, and social system, the impact on each region, and, as well, whether air and other forms of Canada-U.S. transportation would enable each region to take the fullest advantage of new opportunities.

■ Canada has a tradition of selective protection of certain industrial sectors such as textiles, footwear, clothing and furniture. IF CANADA IS GOING TO CONTINUE WITH SELECTIVE PROTECTION, SHOULD IT BE DONE BY GREATER RECOURSE TO NON-TARIFF BARRIERS? And should that approach be used to favor the creation of new industries?

■ Canada has been an active participant in multilateral negotiations on trade liberalization since the GATT system was established in 1947. If Canada wants to continue developing markets on all fronts, it will have to consider its approach regarding the further freeing of trade under the GATT umbrella. In this context, the role of the newly industrialized countries and the emergence of new and aggressive competitors, in domestic and foreign markets, raises new problems. The need for continuing special arrangements with low-income developing countries, calling for "trade—not aid", also requires attention.

■ GIVEN THE COMPETITION FOR MARKETS, WHAT, IF ANY, EXPORT PROMOTION AND IMPORT SUBSTITUTION POLICIES ARE REQUIRED?

Should Canada be more aggressive in its export financing policies? Should we impose a code of conduct on foreign multinationals operating in Canada, with respect to their sourcing and product specialization decisions? Should our foreign policy and activities abroad be more subservient to the goal of export promotion? Has Canada's approach to preparing Canadians for careers in foreign trade been adequate? Should a special effort be made to develop the necessary skills and expertise? In particular, are there ways in which the diverse cultural and linguistic backgrounds of Canadians can be better employed in terms of developing international trade possibilities?

■ The exchange rate for the Canadian dollar can affect our trade performance.

SHOULD EXCHANGE RATE POLICY BE USED MORE DIRECTLY AS A MEANS OF PROMOTING EXPORT AND DEVELOPMENT OBJECTIVES?

## Choice 6: Specialization

Another basic choice, involving both domestic and export production, is the degree of specialization of Canadian industries. There is evidence of strong market potential for specialized industries on a world scale.

Depending on Canada's trade orientation, this choice might involve a role for governments in picking winners and losers, one of the more contentious issues in public debates on industrial development.

## Choice 7: Regional development

Trade and economic policy instruments will have to accommodate economic development in all regions. A fundamental tenet of the Canadian federation has been to spread economic and social opportunities among all regions. Does this continue to be a goal for the country? Which would achieve that goal, freer trade or a more protected economy? But, equally, has the objective of regional development been served by various internal impediments to mobility? In that regard, four questions should be raised:

■ Will the search for regional equity, in terms of sharing employment and income, reduce productivity?

■ Will the maximization of efficiency and international competitiveness reduce regional equity?

■ Should governments increase their activities to create employment in areas with below-average per capita incomes and above-average unemployment rates?

■ Is there a better mix of policies, serving both equity and efficiency, which would imply support for regional comparative advantages, while at the same time providing adjustment assistance to enable less-developed regions to play a more dynamic role?

## Choice 8: Adjusting to change

Assuming that Canada will have to face continued adjustment over the coming years—whatever policy options it may choose—a basic choice remains concerning who will bear the cost of adjustment. Should the burden be on the individual, the employer, or the public purse?

WHAT ADJUSTMENT PROGRAMS AND POLICIES WILL SERVE TO FACILITATE, RATHER THAN PREVENT, CHANGES FROM TAKING PLACE?





## Choice 9: Foreign investment and ownership

More than 80 per cent of Canadian purchases from the United States were made by U.S.-controlled companies. The question of foreign ownership is therefore integrally related to our trade performance. This issue has been discussed extensively in Canada.

The inflow of foreign capital may bring with it new technologies, more jobs, and better products for Canadians but it may bring disadvantages as well, including a preference for importing technology rather than developing it in Canada, and a preference for trading with the parent company rather than competing for other markets. SHOULD THESE CAPITAL INFLOWS BE REGULATED? And, if so, what form should they take? Among the options are performance standards for all foreign-owned corporations over a certain size, whether generally or in designated economic sectors. To avoid the risk of violating international economic agreements, should such standards be established for Canadian corporations as well?

Recognizing that this may reduce some of the benefits of foreign investment, DO WE NEED NEW INSTRUMENTS OR POLICIES TO MAKE SURE THAT MULTINATIONAL ENTERPRISES CONTINUE TO RE-INVEST IN CANADA AS THEIR EQUIPMENT BECOMES OBSOLETE? Finally, especially in the event of free trade arrangements, how can Canadian subsidiaries of foreign corporations be encouraged to seek world product mandates from their parent corporations?

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## Choice 10: Competition policies

While the Combines Investigation Act, for many years, has allowed Canadian firms to cooperate in export markets, provided this did not reduce domestic competition, very little such cooperation takes place, because the law is not clear. Many companies fear that in cooperating with other companies for export sales they may inadvertently leave themselves open to prosecution for reducing domestic competition.

With freer trade, we might not have to choose between combining to gain export markets and world scale production on one hand, and discouraging such cooperation in the domestic market in order to maintain competition, on the other.

Traditional policy concerns, however, will continue to prevail in sectors which are not subject to the discipline of international competition. Beginning in 1976, the Combines Investigation Act was applied to firms

providing services. A recent Supreme Court decision, however, has had the effect of virtually exempting professional societies from the provisions of the Act. THE QUESTION ARISES AS TO WHETHER THIS STATE OF AFFAIRS IS SATISFACTORY AND WHAT, IF ANYTHING, MIGHT BE DONE TO CHANGE IT.

Also beginning in 1976, the director of investigation has had the authority to appear before regulatory boards to present the case for competition. THE QUESTION REMAINS AS TO WHETHER THERE IS AN ALTERNATIVE INSTITUTIONAL ARRANGEMENT THAT WOULD PUT THE "CASE FOR COMPETITION" IN A MORE COMPELLING FASHION BEFORE FEDERAL AND PROVINCIAL, REGULATORY AND MARKETING BOARDS.

Another recent Supreme Court decision has effectively rendered Crown corporations immune from prosecution under the Combines Investigation Act. SHOULD CROWN CORPORATIONS ENJOY AN IMMUNITY WHICH MAY ALLOW THEM TO INTERFERE WITH COMPETITION? This question has been partially addressed in proposed legislation concerning federal Crown corporations. However, is competition, as we normally understand it, possible when one of the market participants has the public purse from which to draw?

The cases of professional societies, marketing and regulatory boards, and Crown Corporations, all involve the diminution of competition as, perhaps, an unintended consequence of public policy. Federal and provincial legislatures have the right to restrict competition. The question remains, however, as to WHETHER COMPETITION HAS BEEN DIMINISHED BEYOND WHAT WAS INTENDED and, if SO, WHETHER THERE IS SOME MECHANISM WHICH WOULD ENABLE US TO AVOID THIS EFFECT IN THE FUTURE.

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# Productivity: The Challenges

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Productivity is both a central and an elusive challenge.

Difficult to measure, easy to misunderstand, high rates of productivity growth are the essence of real economic growth and the main route to increased levels of real income and living standards.

The route to sustained high levels of growth, however, lies through meeting other objectives. Principal among them:

- WORLD-CLASS TECHNOLOGY
- IMPROVED LABOR-MANAGEMENT RELATIONS
- ENTREPRENEURSHIP AND INDUSTRIAL INNOVATION

However, the factors affecting productivity are manifold and, apart from these three, include at least the following:

- The existing capital stock, its growth, and degree of success in allocating new capital to areas offering the highest return;
- Sound management decisions regarding investment and organization;
- Capacity utilization;
- The ability to take advantage of economies of scale through access to large trading areas;
- The skills, mobility and flexibility of the labor force, including management;
- The speed with which technological improvements are developed and adopted;
- The resource base, and the degree to which its long-run value is maximized through appropriate conservation and re-investment;
- Flexibility in both private and public decision-making institutions.

Whether because of these factors—or for other reasons—in the ten years immediately after the Second World War, Canada's productivity advanced at an annual rate of 3.5 per cent. In the next ten years, it proceeded at a more moderate 2.1 per cent a year. Between 1967 and 1973, it moved ahead at a rate of 2.5 per cent.

At this rate, one could look forward to a doubling of the living standard of Canadians in some thirty years.

It did not happen. A sharp break in productivity growth occurred in 1973–74. Precisely why still eludes analysis. But the sharp increases in energy prices undoubtedly had an impact, as increasing investment was pulled into higher-cost energy sources, higher prices raised costs in the energy-using industries, and slack appeared throughout the economy.

For the remainder of the decade, Canada had negligible productivity growth, and from 1979 to 1982, productivity declined.

In light of this performance, the three objectives set out above assume critical importance.

## The Challenge: World-class technology

TO ACHIEVE TECHNOLOGICAL EXCELLENCE IN AREAS ESSENTIAL TO MAINTAINING CANADA'S COMPETITIVE POSITION IN WORLD AND DOMESTIC MARKETS, AND TO MINIMIZE THE ADVERSE CONSEQUENCES OF TECHNOLOGICAL CHANGE.

### ■ THE BACKGROUND

Technology is good or bad, master or servant, creator or destroyer—it depends on what it is doing for you and to you. Canadians, we found in our hearings, hold strong and conflicting views about technology. They anticipate that it will be a dominant force shaping Canada's future. They see the pace of technological change quickening. They recognize that the timely adoption of new processes is a vital aspect in improving productivity.

Whether it proves to be as dominant a force as anticipated remains to be seen. Whether change is occurring faster than in the past is a moot point.

We are nonetheless in a period of high unemployment and, in that context, technical advance has fueled fears of job displacement.

This is an ancient debate, perhaps as old as the wheel. Certainly one can see the lines of the debate in the words of the Roman emperor Vespasian when he rejected the design for a hoist, on the grounds that: *"I must feed my poor"*.

It was there, too, in the early years of the industrial revolution, when the language was enriched with the word "luddite", after one Ned Ludd, who led workers in the destruction of machines and sabotage, which derives from the throwing of wooden shoes—sabots—into power looms. And the Depression gave us the movement and the word technocracy, a movement that decried the replacement of men with machines and a word that one can still find in faded paint on roadside boulders in parts of Canada.

The Second World War rather put a damper on technocracy. War also pushed science and technology to unimagined hori-

*Canadians . . . hold strong and conflicting views about technology. They anticipate that it will be a dominant force shaping Canada's future.*



... it is "dangerous" to believe that technology moves easily from one region to another.

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zons from the nuclear bomb and nuclear power, to wonder drugs and the jet plane, the rocket and the radar, and laid the basis for the post-war creation of industries whose outpourings we live with today.

The debate about technology was submerged in post-war growth, reappearing in a highly intensive public way during periods of economic difficulty. For example, the late 1950s and early 1960s, during the international recession of that period, were marked by an intense concern about automation. But the debate, if more focused in periods of high unemployment, has become ever-present in the workplace as new processes and new products are introduced.

Technology—simply for what now exists and is being diffused throughout the economy, from micro-processors, to automatic tellers, to robotics—is likely to be a decisive force for the future. And two critical questions are likely to remain at the centre of the debate: HOW CAN CANADA IMPROVE ITS TECHNOLOGICAL POSITION? How will the costs and benefits of technology be distributed?

The challenge of enhancing Canada's technological position touches on many of the central questions about Canada's economic future. These range from the capacity of Canadian science and research to develop new processes and products, through the capacity to draw technology from the world's pool of ideas, to the capacity to diffuse it quickly throughout Canadian industry.

The latter point bears on a continuing preoccupation of Canadians: regional disparities. The Economic Council of Canada, in its report on technology, trade and income growth, THE BOTTOM LINE, suggests that it is "dangerous" to believe that technology moves easily from one region to another. Its research suggests, for example, that from the time the computer was first adopted in Ontario in the early 1950s, it took five years to be adopted in the Prairie provinces, six years in the Atlantic, and eight years in British Columbia.

The challenge of managing technological change for human purposes touches on whole sets of other issues—on the vulnerability of certain people and groups to technological change, such as the least educated, older workers, women, those lacking work experience and the unskilled, on the social security system, on retraining methods and, particularly, on the nature of relations between employees and employers in the workplace.

The challenge, then, is double-edged; meeting it involves a recognition that technology can be much of what it is held to be, good for some and bad for others, a creator of jobs and a destroyer.

## The Challenge: Improved labor-management relations

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TO FOSTER A CLIMATE OF LABOR-MANAGEMENT RELATIONS CONDUCTIVE BOTH TO INNOVATION, ADAPTATION AND SUSTAINED REAL GROWTH, AND TO AN EQUITABLE DISTRIBUTION OF WEALTH.

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### ■ THE BACKGROUND

One of the distinguishing marks of this century has been the rise of working people as an organized economic, social and political force of central importance.

This is not just Canada's experience. It has been universal. Countries are routinely compared in terms of the quality of their work forces—education skills and adaptability on the one hand, the degree of conflict on the other—as a measure of economic strength or weakness.

Much attention has been focused on two aspects of this relationship: on its adversarial character and the broader consequences of conflict, and on the effects of labor-management agreements on overall economic performance. Inevitably, most attention has been focused on the period since the Depression, which opened a period of growth in the membership of unions that lasted until 1982, when recession cut into membership.

But the roots of labor-management conflict go much deeper, well back into the 19th century. Its effects on Canada have been far broader than simply through strikes and collective agreements. It has had a fundamental effect on the evolution of Canadian politics and social structure.

The Trades and Labour Congress was organized in 1886, and by 1902, it had 1,078 locals. Ten years later, some 800 more locals had been added. Quebec unions formed themselves into the Canadian and Catholic Confederation of Labour in 1922. The federal Department of Labour was established in 1900 in order to allow the federal government to prevent and settle labor disputes.

The Canadian labor movement was very much influenced by the international labor ferment that accompanied the harsh effects of industrial expansion in the late 19th century. In a period of high immigration, European immigrants brought diverse views. A major influence, however, was the unrest accompanying the evolution of the U.S. labor movement. The American influence was particularly strong in the Western provinces where the influence of the Industrial Workers of the World—the Wobblies—mixed with British and continental European ideas to give a unique character to Western unionism and, ultimately, to Canadian unionism.

If U.S. unionism ultimately took a different course—the bread-and-butter course of Samuel Gompers, with his famous dictum that U.S. labor would reward its friends and punish its enemies—the Canadian labor movement retained more of the protest character of the Wobblies and European unionism. It was that characteristic that gave Canadian unionism its greater emphasis on political action.

That was most evident in the years immediately after the First World War in a seminal event in Canadian history—the Winnipeg General Strike. Out of that came much of the impetus for the eventual founding of the Co-operative Commonwealth Foundation (CCF) which, ultimately, was to become the New Democratic Party, in alliance with the Canadian Labour Congress.

The Depression provided both the circumstances in which the CCF and other protest parties formed and provided the impetus for the union growth that was to follow. But it was the Second World War which provided the basis for the industrial union growth of the next twenty years until, in the mid-1960s, even faster growth commenced from a quite different source—the increased unionization of government employees.

The structure of the labor movement has proven a highly sensitive barometer marking the fundamental shifts in the structure of the Canadian economy.

The great employment growth areas of the last twenty years have been in the service industries—education, health, and public administration. They have also been the great growth areas in the union movement. The three largest unions in Canada now represent public employees.

The primary industries, construction, manufacturing and transportation, whose employees have been organized in international unions, have represented a declining percentage of the work force as employment in services and government has grown. Membership in international unions, while growing in terms of numbers until 1982, has represented a declining percentage of overall union membership. In 1920, when some 374,000 Canadians were union members, the international unions represented almost three quarters of unionized workers. By 1976, this figure was about 50 per cent. It is now just over 40 per cent of some 3.6 million union members in Canada, mainly because of unionization in public administration and the service industries.

If we found, in our hearings, a broad concern with the size of government, the primary focus of concern with regard to labor-management conflict was on the private sector.

Labor-management conflict is only one dimension and, indeed, less important in terms of time lost from work than either

accidents or job-related illnesses. Thus, the challenge of labor-management relations is more wide-ranging and basic than the question of how to reduce the time lost because of strikes and lockouts.

Because of increased international competition, timely technological change, innovation and productivity improvements have become essential both to preserve existing jobs and provide the basis for increases in living standards. Relationships between employers and employees are fundamental in how well and how quickly adaptation to competition takes place.

We find it a dubious proposition that new technology can be introduced in a timely way over the active resistance of employees, or that productivity can be increased without the active support of employees and their unions. The challenge, as we have posed it, implies this active support.

## The Challenge: Industrial innovation

TO IMPROVE MANAGEMENT AND FOSTER ENTREPRENEURIAL ACTIVITY THROUGHOUT THE CANADIAN ECONOMY, IN ORDER TO CREATE NEW EMPLOYMENT OPPORTUNITIES, RAISE REAL INCOMES, AND BROADEN THE RANGE OF CANADIAN GOODS AND SERVICES THAT ARE COMPETITIVE IN BOTH DOMESTIC AND EXPORT MARKETS.

### ■ THE BACKGROUND

Entrepreneurship is the mystery ingredient in creating new and successful ventures.

Traditionally, the entrepreneur has been seen as someone who scrapes together savings, mortgages the house, borrows some money from the family and even more from the bank, and sets up in the garage.

What makes entrepreneurship a mystery ingredient is that it cannot be quantified. The most successful entrepreneurs are economic pathfinders going where no one has gone before.

Increasingly, however, entrepreneurship is seen as involving more than small business. Rather, it is seen as a vital component in innovation, adaptation to change, and competitiveness, in large businesses as well.

For this reason, it has become a matter of serious study and, particularly in the United States, is rapidly being entrenched in the curricula of business and management schools. To a degree, the purpose in doing this is to ensure that more entrepreneurs survive, because they have had a chance to learn from the mistakes of others.

In larger measure, however, such study reflects the severe questioning of traditional management systems and practice that has developed because of new and highly successful competitors in world markets.

*Relationships between employers and employees are fundamental in how well and how quickly adaptation to competition takes place.*





During our hearings considerable concern was expressed that this quality, entrepreneurship, is too often missing in Canadian business, particularly in larger firms. Its shortage has led to rigidities in terms of taking advantage of technical innovation to improve productivity, and in terms of motivating employees and achieving harmony in labor-management relations.

However, we also heard the view that entrepreneurship may often be missing, but not for the lack of entrepreneurial spirit among Canadians in general.

SO, IF ONE SIDE OF THE CHALLENGE IS TO EQUIP ENTREPRENEURS THROUGH HEIGHTENED KNOWLEDGE OF THE MISTAKES THAT CAN BE AVOIDED, ANOTHER IS TO CREATE THE CIRCUMSTANCES IN WHICH THIS ENTREPRENEURIAL SPIRIT CAN FLOURISH.

One key aspect in terms of creating the right circumstances for entrepreneurship, involves financing. That is part of a general concern about Canada's capacity to generate the capital required for future development, whether it be done by individuals, governments, small, medium or large firms, or consortia.

The financial system, like other economic sectors, is feeling the pressure of change. Technology has had a particularly powerful impact on financial institutions and increasingly has served to break down the barriers among types of institutions. This may put the system in danger of being dominated by a few large institutions, providing services on a comprehensive basis—an evolution that could work against the competition that is at the heart of maximizing the range of choices available to Canadians in terms of both modes of financing, and the institutions that provide it.

However, apart from the question of how Canada's financial system should evolve, there are broader questions. One is whether Canada should emphasize greater savings or increased consumption. The second relates to how the savings of Canadians that are accumulated through the financial system and pools of government-controlled capital—such as pension funds—as well as foreign borrowings, are to be allocated among all the uses to which they can be put.

In terms of that allocation, government policies—both taxing and spending—have had a fundamental influence on where capital has been concentrated. For example, since the Second World War, substantial amounts of capital have been directed toward housing and real estate development, including the infrastructure necessary to enable that development to take place.

As well, substantial capital spending has been deployed for resource development and for the construction of the transportation, transmission and social infrastructure required to sustain that development.

Now, new demands are arising. These include the demand for increased investment in research and development, as well as in the processes to produce and market new products and services, under conditions of more intense competition within Canada and abroad.

And they include the demand set out here, for increasing the flow of risk capital to foster the entrepreneurial activity necessary to broaden the range of Canadian goods and services, and to enhance the prospect of restoring productivity growth to a high rate.

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## Productivity: The Choices

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The rate of productivity growth will determine whether the living standards of Canadians will rise over the long-term, for those in the work force, and for those who need social support.

The following choices involve three factors that are critical to improving productivity performance, although, as noted above, they are by no means the only factors.

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### Technology

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Some of the major successes of Canadian industries in foreign markets have been the result of the development or adaptation of new technologies. This is especially so in the case of telecommunications, transportation and engineering. Less obviously, new technology has provided the productivity gains that have maintained the ability of older industries to adapt to new competition.

## Choice 11: Development fueled by innovation

Future economic development, as in the past, will be based on innovation. The basic choices involve the question of the priority to be assigned to innovation and how it should be encouraged:

■ A CONTINUATION OF CURRENT POLICIES AND PROGRAMS TO ENCOURAGE THE CREATION OR THE ADAPTATION OF TECHNOLOGY based on the view that current institutions, and particularly, private corporations, together with the already significant support for public and private research, will provide adequate technological innovation;

■ A SPECIAL NATIONAL EFFORT TO INCREASE THE PACE OF TECHNOLOGICAL RESEARCH, DEVELOPMENT, ADAPTATION, DIFFUSION AND APPLICATION. This option would give a major and direct, but not necessarily operational, role to governments. This approach stems from the premise that Canada could do better, that the private sector alone cannot deliver the extra effort required, and that current government support is too narrowly focused.

## Choice 12: The production of technology

In the fields of telecommunications or short take-off and landing aircraft, for example, specific Canadian needs brought about major technological breakthroughs. The exploitation of natural resources, often under very harsh climatic conditions, has led Canadian industries to develop certain unique technologies. Where should Canada concentrate its future technological efforts?

SHOULD WE CONCENTRATE ON THE SOFTWARE COMPONENT OF NEW TECHNOLOGIES, OR ON DEVELOPING AND PRODUCING HARDWARE?

SHOULD WE CONCENTRATE OUR EFFORTS ON BASIC OR APPLIED RESEARCH? SHOULD WE SEEK TO DEVELOP NEW TECHNOLOGIES TO BE MARKETED AT HOME AND ABROAD? Or should we concentrate on seeking to tap the pool of world technology for ideas that can be adapted to Canadian needs and developed in terms of export possibilities?

Finally, WHICH INSTITUTIONS ARE IN THE BEST POSITION TO FOSTER THE DEVELOPMENT AND ADAPTATION OF NEW TECHNOLOGIES? Is this best done by private industry responding to the needs of Canadian and world markets, and to competition for these markets? On the other hand, federal and provincial governments have invested large amounts in research facilities and provided generous fiscal incentives.

However, aside from this role, govern-

ments are important buyers of technology. One key area is defense. DOES CANADA GET THE MAXIMUM BENEFIT OUT OF ITS PRODUCTION-SHARING AGREEMENT WITH THE UNITED STATES, WITH REGARD TO THE DEVELOPMENT OF DEFENSE TECHNOLOGY? Does Canada adequately take account of the development possibilities through procurement of defense goods? Are there further possibilities in the development of space technology?

## Choice 13: The diffusion of technology

Rapid technological change has been a source of labor-management difficulty.

At the same time, recent studies by the Economic Council of Canada suggest that those companies and countries that adopt new technologies before others derive the most benefit. Canada, the same studies suggest, has been slow to employ new and important technologies. As well, once adopted in one part of Canada, technologies are slow to be used in other parts.

To the extent that Canada is slower than other countries in utilizing technologies, it can lose its competitive position. To the extent that particular regions are slower to adopt technologies than others, these regions can fall behind.

HOW CAN CANADA ENSURE THAT IT IS AMONG THE FIRST COUNTRIES TO EMPLOY ESSENTIAL TECHNOLOGIES? How can technology be diffused more rapidly and evenly throughout Canada, once it has been adopted in one area of Canada? How can labor and management better prepare for technological changes and reduce the difficulties at the plant level in introducing technology? Is there a role for government? Does achieving faster adoption of technology turn on improving the operation of market forces? Or is this an area where governments, labor and management need to concentrate their efforts to achieve greater cooperation, in terms of ensuring a high degree of awareness on everyone's part as to the technologies being developed, and the steps required to ensure they can be adopted in the most beneficial way?

## Choice 14: Centres of excellence

The quality and the relevance of our education and training programs are a necessary complement to technological progress. They are key elements in both the creation and the diffusion of new technologies.

SHOULD WE DEVELOP MORE CENTRES WHERE UNIVERSITIES, BUSINESS AND GOVERNMENTS CAN FOCUS ON THE DEVELOPMENT OF SPECIAL CANADIAN SKILLS AND PRODUCTS?

If this were the chosen approach, it could involve more cooperation between universities and business, and greater convergence between fundamental and applied research. It would also imply more cooperation between the federal and provincial governments, and greater convergence between national interests and regional priorities. Large financial commitments would be required by public and private sectors alike. Where would such centres be located?

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## Labor-Management Relations

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In suggesting the five following choices, we start from the premise that labor should be accepted as a full participant in the evolution of our society and treated as a key contributor to economic and social progress. Inevitably there will be tensions—and necessary compromises—between policies for economic security and policies for increased economic efficiency. These trade-offs apply not only to the unionized segment of our labor force but to all managers and employees in the country.

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### Choice 15: Participation

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Canadians will have to decide whether our system provides adequately for constructive participation of labor, both in the workplace and in the broader society.

AT THE SHOP LEVEL, WOULD THE PARTICIPATION OF ALL THE PEOPLE INVOLVED FACILITATE THE QUEST FOR TECHNOLOGICAL CHANGE AND INCREASED PRODUCTIVITY? More information—and thus, consultation and democratization at the plant level—might ease the tensions. Greater participation might also help in improving health and safety conditions in the workplace.

As for a broader participation by labor, what are the possibilities of tripartite—labor, business and government—consultations? Would labor's participation in national affairs best be done formally or on an informal, ongoing basis?

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### Choice 16: The right to organize

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Since the Second World War, federal and provincial governments have provided employees with the right to union representation. The judicial interpretation of constitutional provisions contained in the Charter of Rights and Freedoms may confirm or qualify this right to organize collectively.

Labor laws, in every province and at the federal level, provided machinery for giving effect to those rights. However, we heard views that the weight of the law is tilted toward one side or the other, and should be rebalanced. For example, SHOULD THE RIGHT TO STRIKE BE LIMITED IN THE PUBLIC SECTOR? And, in the private sector, should union-busting be outlawed, or anti-scab provisions be legislated? Should strikes in essential services be banned and, if so, where is the line to be drawn between what is essential and what is not?

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### Choice 17: The size of bargaining units

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The determination of wages and other working conditions is the most difficult aspect of labor-management relations and the one most likely to lead to work stoppages. This can be made more difficult by the presence of several unions in the same plant or industrial sector. WOULD THE LABOR-MANAGEMENT CLIMATE BE IMPROVED BY HAVING LARGER BARGAINING UNITS, POSSIBLY ENCOMPASSING WHOLE SECTORS? Or would it increase the likelihood of more damaging stoppages or wildcat strikes? If collective bargaining limits were to become more sectoral, one would have to envisage a significant reorganization of the way in which negotiations are conducted by business and labor. If this were a desirable approach, would it be better achieved through legislation or voluntary agreements?

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### Choice 18: Compensation arrangements

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Canada's collective bargaining system—like many price-setting procedures—may not respond flexibly enough to changes in costs.

HOW CAN THE LABOR-MANAGEMENT RELATIONS SYSTEM BETTER DEAL WITH INFLATIONARY SHOCKS? Would some type of gains-sharing technique lead to increased productivity and generally to improved labor-management relations?

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### Choice 19: Government intervention

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SHOULD GOVERNMENT INTERVENTION BE LIMITED TO SUCH SUPPORT ACTIVITIES AS PROVIDING LABOR MARKET INFORMATION? Or should there be legislative and special, temporary programs to encourage productivity gains and facilitate adjustments that might, in the absence of assistance, lead to labor-management difficulties? Are the necessary

programs in place to ensure that women—and particularly the heads of single-parent families—are not denied equal opportunities to participate in the work force?

## Entrepreneurship and Industrial Innovation

As we were told in our hearings, one of the better forms of protection for Canadian consumers stems from competition between entrepreneurs.

This implies a need to foster risk-taking, facilitate entrepreneurship in terms of reducing the burden of regulation, and ensure that sufficient capital is available to undertake new ventures and enable those ventures to survive and grow.

### Choice 20: The adequate supply of capital and its allocation

Compared to other countries, Canada's rate of capital formation and level of savings are reasonably high. Many Canadians believe that there will be sufficient capital over the long-term to meet the needs of the country as a whole. Others are less sanguine.

There is concern, however, with the cumulative effect of government deficits and the possibility that, in the competition for more savings, the private sector will face crowding out by government in the capital markets.

In the context of a possibly tighter supply of capital, the way capital is allocated through the financial system, and the purpose to which it is to be put, become important.

### Choice 21: Effective competition in the financial system

Canadian financial institutions have been relatively successful at home and abroad. The regulatory separation of the functions of banking, trusteeship, brokerage and insurance has accommodated a considerable amount of financial innovation (including the growth of a large credit union movement) in the past.

There are, however, pressures to increase competition and innovation in the Canadian financial system. HOW, AND AT WHAT PACE, SHOULD WE OPEN UP OPPORTUNITIES FOR VARIOUS FINANCIAL INSTITUTIONS, BOTH FOREIGN AND DOMESTIC, TO OFFER SERVICES IN ADDITION TO THOSE WHICH THEY HAVE TRADITIONALLY OFFERED? Given the division of juris-

diction between the federal and provincial governments, how can we ensure that regulatory decisions treat institutions offering similar services equally?

### Choice 22: The role of governments

Canadians seem concerned about the role governments are playing in our financial system. The impression exists that further scrutiny, of both the magnitude and the nature of the role now played by both federal and provincial governments in financial markets, is required.

ARE THE LARGE AMOUNTS OF SAVINGS, PRE-EMPTED EACH YEAR BY GOVERNMENTS, BEING PROPERLY INVESTED IN THE MOST ADVANTAGEOUS WAY? Are the existing government financial institutions useful complements to private sector financial institutions? Should the activities of the public sector be redirected, specialized to a greater degree or even restricted?

Should the bail-outs of companies and industries such as we have witnessed in recent years be continued in the future and, if so, on what terms and under what set of institutional arrangements?

### Choice 23: Entrepreneurship and risk-taking

Canadians expressed considerable interest in the value of entrepreneurship and competitiveness.

SHOULD GOVERNMENTS FOSTER ENTREPRENEURSHIP THROUGH MORE FAVORABLE TAX TREATMENT OF CAPITAL GAINS AND VENTURE CAPITAL INVESTMENTS?

The availability of expertise and counseling services may facilitate the acquisition of adequate start-up capital. Procedures for obtaining capital, especially for starting up or expanding small and medium-size firms, might be simplified. Could access to financial resources in all provinces, and particularly remote areas in every province, be further improved?

Aside from increased competition in general, would sustained, and possibly more generous, incentives to innovation and research have a high ratio of benefit to cost in terms of encouraging Canadian entrepreneurs?



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# *E*ducation and Training: *The Challenges*

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This set of challenges is at the heart of the more general challenge of preparing for the future and managing the changes it might bring.

These challenges can be set out in terms of the following objectives:

- HIGH QUALITY BASIC EDUCATION
- SYSTEMATIC LIFE-LONG LEARNING
- SKILLS TRAINING FOR SPECIFIC JOBS
- MORE EFFECTIVE RETRAINING

The first two objectives relate to the formal education system. The second pair relate more closely to the workplace and the need to better match skills to needs.

Together, they are fundamental to virtually every challenge we face, from providing a sufficient number of jobs, to improving productivity, and to achieving a greater measure of social progress.

And together, they formed a central and recurring theme in our hearings, a concern that the quality of Canadian education is inadequate to the task of securing future economic well-being and social progress.

The Commission regards provincial jurisdiction for education as fundamental to Canada's division of powers. As noted in "What we heard", a number of those who spoke to us set out the view that there should be a federal role in education.

However, we believe that the jurisdiction for education should remain, as it has been since Confederation, with the provinces.

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## *The Challenge:* High quality basic education

TO IMPROVE THE ABILITY OF CANADIANS TO ADAPT TO ECONOMIC, SOCIAL AND OTHER CIRCUMSTANCES THROUGH HIGH QUALITY BASIC EDUCATION.

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## *The Challenge:* Systematic life-long learning

TO INCREASE THE CAPACITY FOR SYSTEMATIC RE-EDUCATION IN ORDER TO INCORPORATE NEW KNOWLEDGE INTO THE BASIC EDUCATION OF CANADIANS ON, AN ONGOING BASIS.

### ■ THE BACKGROUND

Canada's education system is under severe questioning by Canadians.

In this, they share an international pre-occupation with improving education; worldwide, schools and universities are under the glass.

A recent U.S. commission, for example, pronounced that nation to be "at risk" for its educational failings. European countries, Japan and the Soviet Union are subjecting their education systems to similar critical examination.

To a degree, the intensity of this concern is a function of turbulent times. It is also a function of the severity of the 1981-83 recession which included among its victims many who are, by prevailing standards, well educated. Those standards are thus in question.

But, in greater measure, it is a consequence of the broad sense that we are in a new age for which we are ill-prepared, an age in which knowledge and information will increasingly form the basis of increased wealth and well-being. As well, reduced productivity growth has heightened an awareness of the need to find better ways to do things in every area of economic activity in order to maintain Canada's growth prospects and competitive position. In these circumstances, THE EDUCATION SYSTEM—THE PRINCIPAL MEANS BY WHICH ALL SOCIETIES PREPARE FOR THE FUTURE—IS INEVITABLY UNDER QUESTION.

It is worth putting these concerns in a longer-term perspective. Canada's post-war education record is remarkable.

The rise in the general education level tells only part of the story. When the Second World War began, more than half of the population over 15 years of age—some 56.8 per cent—had less than a Grade 9 education. By 1981, only 21.9 per cent of Canadians had less than a Grade 9 education. Those with Grade 9 or better, but short of a university degree, had risen from 42.2 per cent to 70.1 per cent. One Canadian in a hundred had a university degree in 1941. Forty years later, one Canadian in 12, over 15 years of age, had a university degree—some 1.5 million men and women. Women accounted for an increasing proportion. Twenty years ago, women accounted for less than a quarter of undergraduate enrolments. Today nearly half of undergraduate students are women.

On the way, Canada's schools and universities accommodated returning veterans, the baby boom generation, the ferment of the 1960s and, in the 1970s, financial constraints coupled with a sudden and

... a central and recurring theme in our hearings, was a concern that the quality of Canadian education is inadequate to the task of securing future economic well-being and social progress.

dramatic increase in the demand for immersion language education.

To this has been added information technology. In the same period, the computer was transformed from a scientific tool in the best-financed laboratories to a means of giving a ten-year-old a step up in school. That situation, increasingly, has meant that students possess skills that teachers were never taught. To this was added the pervasive effect of television.

THE CHALLENGE BEFORE THE COUNTRY DOES NOT RELATE TO WHICH GOVERNMENT HAS RESPONSIBILITY FOR EDUCATION, BUT TO ENSURING THAT CANADIANS RECEIVE THE QUALITY EDUCATION THAT THE FUTURE REQUIRES AND THAT THEY CAN ADAPT TO THE CHANGES THE FUTURE MIGHT BRING.

The challenge rests in finding ways to ensure that Canadians can receive higher quality education within the existing framework of provincial responsibility for education.

The second educational challenge Canada faces, is a consequence of the rapid growth of knowledge which has been breaking down the traditional distinction between school age and working age.

The upgrading of basic education has become a prerequisite for acquiring the skills required by new technologies.

While there has been a considerable effort by local school systems, universities, community colleges and technical institutes, as well as private agencies, to meet this challenge, life-long learning is a responsibility that falls primarily to the individual:

There are formidable obstacles to meeting more broadly and systematically this developing need. Financing, political jurisdictions, company practices and personal circumstances—all form a network of hurdles.

## The Challenge: Skills training

TO DEVELOP BETTER MEANS TO PROVIDE NEEDED SKILLS.

## The Challenge: Retraining

TO PROVIDE TIMELY OPPORTUNITIES FOR RE-TRAINING IN ORDER TO ENABLE WORKING CANADIANS TO ADAPT TO CHANGES RESULTING FROM TECHNICAL INNOVATION AND COMPETITION.

### ■ THE BACKGROUND

These challenges join directly the frustratingly difficult issue of high unemployment and skilled labor shortages existing side by side.

It is frustrating both for those who need the skills and for those who need the jobs. Despite tremendous efforts to solve the problem, we have large numbers of people with skills that are not needed and an unmet need for skills in short supply.

The task of training traditionally fell to the private sector and its apprenticeship programs. In the 19th century, public support was limited to provincial support for these programs and for vocational classes.

In 1939, on the eve of the Second World War, Parliament approved the Youth Training Act. Training establishments were set up in 1941 for potential workers—needed as the country mobilized—under the Dominion-Provincial War Emergency Program. And a year later, the Vocational Training Co-ordination Act involved the federal government directly in vocational training through the education system. University courses were classified as “eligible” vocational training.

This “training program” continued for some two decades after the war, with the federal government directly funding veterans and—except in the case of Quebec—universities until 1967. At that time, university funding was put on a shared-cost basis and channeled through the provinces while the federal government put its training funding under a new umbrella, the Adult Occupational Training Act.

This provided subsidies to industries for on-the-job training and “purchased” training in basic, pre-employment and apprenticeship skills from provincial educational institutions. Some four million Canadians used this form of training, at a cost of some \$6 billion, until the National Training Act was approved by the present Parliament.

Thus, since before the Second World War, training has been of central national concern in terms of economic development, whether for war or peace.

But there remain inadequacies in the industrial training system. One, is that the industrial training system does not provide enough skilled workers. This is partly the consequence of an earlier period when skilled workers—particularly in the manufacturing trades—were sought in other countries. Immigration was both faster and less costly.

A second, is that training in the highly-skilled trades follows the business cycle. In economic downturns, there are fewer openings for on-the-job training. As well, training is a high-cost item that is among the first to be reduced under financial pressure; fewer people begin training and the training of others is stopped in mid-passage. This leads to labor shortages in key areas—those that are growing quickly on the upturn of the economy and usually when jobs are required most.

If training has long been a central concern, worries about the adequacy of retrain-

... since before the Second World War, training has been of central national concern in terms of economic development, whether for war or peace.

ing systems is more recent. Timely retraining is at the centre of the task of better adjusting to technological and other changes.

Retraining is also of growing importance in light of the changing age structure of the work force. An increasing proportion of the work force is headed for the category of "older worker" as the baby boom generation marches across the 1980s and 1990s.

Older workers face particular difficulties in acquiring both new skills and new opportunities to use them. In part, this is the result of competition from younger and, most probably, better educated—if less experienced—job seekers. In part, it is the result of the heavy investment that training

and retraining involve, and the desire to recover that investment over a time longer than an older worker may have before retirement.

The key to the challenge, however, is in the word "timely". That is, THE CHALLENGE IS TO PROVIDE RETRAINING BEFORE SKILLS ARE RENDERED OBSOLETE.

In itself, however, retraining is only part of the process of adjustment and adaptation to change. It is at the heart of the challenge but dependent on adequate labor market information, on support services, and on the climate of consultation and cooperation in the workplace itself.

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## ducation and Training: The Choices

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In a constantly changing world, education and training are taking on even greater importance for Canadians.

While manpower training is a joint responsibility of both levels of government in Canada, the Constitution gives the provinces full jurisdiction over education. The following choices are set out on the assumption that this jurisdiction will remain unchanged.

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### Choice 24:

#### A national perspective on education

Canadians told us that they are generally concerned with the quality of educational services available to them and to their fellow citizens. They want institutions to meet existing and anticipated needs, mechanisms to determine anticipated changes, and a system flexible enough to meet the challenges of adjustment.

Many Canadians spoke to us of the need for a national perspective on our education system and goals. IS SUCH A NATIONAL PERSPECTIVE DESIRABLE OR NECESSARY? How is it to be developed in the context of existing provincial responsibility for education?

Discussions of the costs of education focused not only on the amount of public money devoted to education, but also on the way in which the funds are channeled through the system. Both federal and provincial governments contribute to the financing of education.

SHOULD GOVERNMENTS GRANT MORE MONEY TO THE STUDENTS THEMSELVES, RATHER THAN TO THEIR EDUCATIONAL INSTITUTIONS? Is the present level of contribution by the students themselves still appropriate?

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### Choice 25:

#### Life-long learning

An important consideration for the future direction of educational development in Canada is the extent to which Canadians regard learning as a life-long endeavor. Resentment over educational obsolescence in the absence of opportunities for re-education may inhibit the process of adjustment and the development of Canadian society and the economy.

SHOULD THERE BE INCREASED ACCESS TO PAID LEAVE FOR RE-EDUCATION? If so, who is to pay? Do we have the necessary facilities?

What mechanisms, incentives and institutions need to be examined?

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### Choice 26:

#### Upgrading skills

HOW MUCH SHOULD THE EFFORT TO UPGRADE SKILLS BE CONCENTRATED ON TRADITIONAL PUBLIC INSTITUTIONS? HOW MUCH SHOULD BE CONDUCTED THROUGH PRIVATE CORPORATIONS?

What are the possibilities of using new information technologies to augment formal retraining institutions and decentralize the retraining process?

How can the provision of retraining be made less vulnerable to cost-cutting during hard economic times?

TO WHAT EXTENT SHOULD WE CONTINUE TO RELY ON IMMIGRATION FOR NEEDED SKILLS? To what extent should resources for retraining be increased to ensure that unemployed Canadians can be prepared for available jobs?

We have already referred to the possibility of establishing a European-style levy-grant system, which could provide an incentive for companies to support ongoing training for their employees.

### Choice 27: Responding to pressures for adjustment

Whatever defenses we may raise against it, international competition will impose major periodic restructuring on Canadian industry and on the labor force.

SHOULD PRIMARY RESPONSIBILITY FOR ADJUSTMENT REST WITH GOVERNMENT OR WITH THE INDIVIDUALS, FIRMS, INDUSTRIAL SECTORS OR REGIONS CONCERNED? How could improved cooperation between the private sector and educational institutions assist in this process of adjustment?

### Choice 28: Technology in education

Technological progress will not only affect the workplace in the private sector, but it will also influence the future of our educational institutions. Technology offers the education system an opportunity to establish knowledge networks to make educational material available to all Canadians, wherever they live. HOW CAN THESE OPPORTUNITIES FOR LONG-DISTANCE LEARNING BE MAXIMIZED? Such networks would also make continuing education less expensive and more accessible, and enable Canadians to learn on their own time and at a pace consistent with the other demands on their time.

The other aspect of technology as it relates to education involves the most basic of questions. WHAT IS TO BE TAUGHT? Is there

to be an increased emphasis on basic education—mathematics, science and reading—as well as on the newer technological literacy required? Or does technological change require an increased number of specialists?

### Choice 29: Education and equality of opportunity

Education can also foster the enhancement of equal opportunities.

The education system is of central importance in changing basic attitudes toward groups that have suffered or are suffering from discrimination.

Educational institutions are also under pressure to provide special services for disadvantaged groups in society, such as the physically or mentally handicapped. These special services may require different financial arrangements on the part of governments, and different approaches within educational institutions.

The Commission heard repeatedly, for example, that women lost opportunities for a full choice of career possibilities, as much because of the attitudes expressed in career counselling in the education system, as because of discrimination in the workplace. In this sense, EDUCATIONAL INSTITUTIONS HAVE A KEY ROLE TO PLAY IN ENSURING THAT WOMEN HAVE ACCESS TO THE FULL RANGE OF VOCATIONAL OPPORTUNITIES.





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# Resources and the Environment: *The Challenges*

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This set of challenges revolves on the stuff of Canada's history and the shape of its future—our resources and our environment.

The challenges turn on the following broad objectives:

- BENEFIT FROM RESOURCES
- ENHANCED ENVIRONMENTAL QUALITY

The first involves nature's bounty, the second, its limits.

For much of our history, resources—the land, seas, forests and waterways—were managed as an endowment without limits. A spreading awareness of environmental consequences and constraints—on a global as much as a national scale—has called that style of management into question, and many other human habits as well.

Much turns, as we found in our hearings, on the interest at stake and how far one chooses to look ahead. Over-utilization can deplete the resource for tomorrow. Under-utilization can lose markets and diminish the capital available to optimally develop the resource.

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## The Challenge: Benefit from resources

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TO MANAGE CANADA'S RESOURCES FOR MAXIMUM BENEFIT OVER TIME.

### ■ THE BACKGROUND

Since the arrival of Europeans in Canada, it has been the resource potential that has been put in the window to attract the world, its people and its money to Canada.

Samuel de Champlain carried back to France the "diamonds of Canada", which turned out not to be diamonds at all. That innocent bit of overselling had its reward in skepticism that "quelques arpents de neige" (a few acres of snow) was worth much and, at one point, we were offered in exchange for a Caribbean Island blessed with sugar cane.

But ultimately, commercial empires were built on the beaver pelt. The Russians came to the Pacific for the seal furs, Europeans to the Grand Banks for cod, the English for the tall masts that could be made from the trees of Atlantic Canada, immigrants from many lands for the Prairie land, the wealthy to hunt the buffalo, and, on the way, watch

water dropping into the Niagara gorge, the Forty-Niners for the gold of the Cariboo, New England industrialists for the "pitoune" and the water power of the Saguenay-Lac-St-Jean area, and on it has gone. The few acres of snow are now a resource to be marketed to the skiers of the world.

Until fairly recently, in the long span of things, we managed our resources as a bounty without limits. Periodically, there have been those who pondered the limits of our resource endowment. A century ago, Sir John A. Macdonald, while watching the Eastern white pine forests pass log by log below his window on the Ottawa River, wondered how long the forests would last and how long they would take to replace, and allowed as how someone should look into it. A century later, the price of white pine in a lumber store tells a tale of the first Prime Minister's prescience.

SOMETIMES SOONER, SOMETIMES LATER, A SENSE OF LIMITS HAS ARRIVED FOR MOST OF OUR RESOURCES. The schools of Atlantic cod and Pacific salmon, once so abundant that a fisherman could "walk on their backs", now demand careful husbanding. Forests are scanned for the ravages of fire, disease and over-cutting. Oil and mineral reserves are counted for the years remaining. Acres of good farmland disappear to development or, sapped of their organic anchors, to the wind and water.

That is one side of the resource issue, the transition from a sense of infinite wealth to a sense of limits. Canada is not alone in that. Indeed, others have reached the limits or gone beyond them. Some countries must look to ways to turn back the deserts that have marched onto agricultural land once guarded by forests.

The other side of the issue is that resources provide, and can continue to provide, the very reason for thousands of Canadian towns and villages to exist. Some 300 towns in Canada depend on the presence of the forest industry in one form or another. The Prairie economy rests on the land and resources that lie beneath it, be they coal, oil, gas, sulphur, potash, uranium or other minerals. The fishery and the forests remain the mainstays of the Atlantic. Much of the North, in transition from the traditional economy, rests its prospects on energy and minerals.

More than that, the resource industries are a key market for equipment, services

... resources provide, and can continue to provide, the very reason for thousands of Canadian towns and villages to exist.

and, increasingly, technology. They are a source in themselves of Canadian technological innovation and engineering expertise that is both world-class and an increasingly important commodity in world markets.

THE CHALLENGE, THEN, IS NOT SIMPLY TO MANAGE OUR RESOURCE ENDOWMENT IN A WAY THAT RECOGNIZES THAT THERE ARE LIMITS TO THAT ENDOWMENT, BUT TO MANAGE IT FOR THE OTHER BENEFITS IT PROVIDES, AND TO MAXIMIZE THOSE BENEFITS FOR CANADIANS. Those benefits are not all economic.

As in many things, however, Canada's task of reconciling conflicting interests around the issue of resources is complicated by political arrangements. Some resources are under federal authority, most are owned by the provinces and some are in a grey area—in conflict or divided in terms of one aspect or another of the resource's use. Particularly since the early 1970s, resources have been at the centre of major controversies—political, constitutional and economic. The price surges of the early and late 1970s for oil, food and other commodities set off fierce conflicts over the share of provincial and federal governments and the industries. These tensions have been compounded by the more ancient question of whether national objectives should be focused on exploiting that resource endowment through export or to foster Canadian manufacturing, both in terms of price and security of supply.

Finally, to these tensions have been added concerns about the continued position of Canadian resource industries in export markets in light of new competition from newly industrialized countries with higher grades of ore, a better climate for forest growth and cheaper labor costs.

The challenge, therefore, is central in many ways to Canada's future economic course and is compounded by the looming imperatives concerning environmental quality.

## *The Challenge:* Enhanced environmental quality

TO PURSUE A PATTERN OF DEVELOPMENT IN HARMONY WITH ENHANCED ENVIRONMENTAL QUALITY.

### ■ THE BACKGROUND

Environmental concerns are as much focused on the effluvia of industrial society and the outward march of cities as on the specific difficulties raised by resource exploitation.

Indeed, environmental concerns increasingly transcend international boundaries; they represent not simply a Canadian challenge but a global one.

That environmental concerns transcend international boundaries is a function of both heightened awareness of the issues at stake and increasingly sophisticated communications, both public and private.

But the international dimension is not a new concern.

One of Canada's earliest treaties, the Boundary Waters Treaty of 1909 with the United States, established the International Joint Commission to examine the consequences of each country's water management on the other.

The findings under the Treaty have cut both ways. In the late 1920s, the U.S. complained of devastated farms and forests as a result of emissions drifting down the Columbia River valley from the smelter at Trail, B.C. The U.S. complaint was upheld. More recently, Canada's concerns about the Great Lakes were upheld.

The concern with the trans-border damage being done by acid rain is in that long tradition, as was a major concern of the late 1960s and early 1970s, the threat of oil pollution in the Arctic.

The international dimension is a critical aspect of the challenge involved in enhancing environmental quality.

But the national dimension is, if anything, as critical and more complex. The responsibility for environmental quality is as fragmented as the sources of environmental degradation are numerous. Jurisdiction is divided not only among governments but within them. One consequence is a proliferation of regulations and procedures, often contradictory and conflicting within government bureaucracies, aside from the difficulties between and among governments.

This has added to the burden of economic development and, unquestionably, added to the level of public frustration at government complication, confusion and delay. Nor is it clear that this administrative jungle has proven to be the best way to preserve or enhance environmental quality.

It seems essential that, apart from the federal, provincial and territorial governments, this search for better ways to pursue a pattern of development in harmony with the environment involves local, city and metropolitan authorities as well.

It is in urban Canada—and through the actions of urban governments—that some of the more difficult environmental issues are raised. Urban expansion continues to encroach on some of Canada's best agricultural land—in the Niagara Peninsula, the Montreal region and the Lower Mainland of British Columbia in particular. Urban waste—whether human or industrial—creates critical problems for the health, safety and quality of life of the majority of Canada's population.

*The responsibility  
for environmental  
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# Resources and the Environment: *The Choices*

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In Canada, issues pertaining to natural resources, primary industries, and the environment are fraught with inter-jurisdictional and trans-boundary considerations.

The provinces, for the most part, own the resources within their boundaries. The federal government, on the other hand, is responsible for inter-provincial and international trade, a key factor in determining our pace of resource development.

Discrepancies between the short- and long-term objectives of resource exploitation also complicate resources issues.

The following six choices are directed to the challenge of deriving maximum benefit from resources over the long-term.

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## Choice 30: The primary sector

Future prospects for resource development vary for the same resource and vary among regions dealing in the same resource.

Canada's forest industry faces a problem of timber supply with developing competition from areas of the world where, because of climate, the timber stocks are replenished more quickly than in Canada. Mining faces high costs and difficult competition from developing countries. The fishery faces problems both in terms of stocks and prices. Good agricultural land is under development pressure and, where it is not, farmers are under pressure from costs.

In our hearings we were told that the resource industries need to be restored as an engine of growth, that future gains will be limited and that resources should be de-emphasized. What are the costs of the first, who is to finance it, and in what way? What are the implications of the second for resource-dependent provinces and the frontier areas? What are the social costs—in employment, in adjustment and in the stability of communities—of the third?

SHOULD THE PRIMARY SECTOR CONTINUE TO BE EMPHASIZED FOR ITS EXPORT EARNINGS? Or would the major long-term benefits lie in a gradual adjustment toward a concentration on Canadian markets and on upgrading? Should that choice be a deliberate one by governments or the result of adjustment to market forces?

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## Choice 31: Further processing

While prevailing resource markets have been discouraging, some Canadians argued for a shift in priorities to the encouragement of further processing in Canada and to the development and export of resource-related engineering and technology.

The encouragement of further processing raises a question as to pricing. SHOULD INDUSTRIES UPGRADING CANADIAN RESOURCES PAY A PRICE LOWER THAN THAT PREVAILING ON THE WORLD MARKET? Or should other means be used to encourage upgrading? Emphasizing the export of resource technology and engineering raises the question of the adequacy of research and development funding as well as export financing. What is the potential in terms of jobs and other benefits from the export of resource technology to potential competitors?

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## Choice 32: Self-sufficiency

Canadians are also concerned by the need to guarantee their own requirements for raw materials. Some argue that we should only export resources once domestic needs and necessary reserves are accounted for.

This approach would involve very difficult choices. WHICH RESOURCES ARE "STRATEGIC" AND WHICH ARE NOT? Which will be in short supply in future and which will not?

The question of pricing arises in terms of self-sufficiency as well. For resources in which we are self-sufficient, should Canadians pay world prices, or should they be insulated from world market conditions?

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### Choice 33: Exploitation or stewardship?

In such sectors as agriculture, forestry or fisheries, Canadians have a fundamental choice: HOW MUCH IMPORTANCE DO WE PLACE ON BENEFITS TO FUTURE GENERATIONS?

Conservationists have been critical of the management of forest resources, for example. The question was, and still is, do we cut on the basis of market demand or do we cut with an eye to the long-term future and invest accordingly in sustaining the resource?

### Choice 34: Sharing the costs

Given that increased production and environmental protection are both valid goals, we have a fundamental choice to make regarding production-related pollution.

There have been examples where pollution control or abatement systems have produced jobs and new revenues. In other cases, the economy has had to sacrifice production—and current income and employment—in order to limit pollution. IF PRODUCTION IS EFFECTIVELY REDUCED BY POLLUTION CONTROLS, AT LEAST IN THE SHORT RUN, WHO SHOULD BEAR THE COST OF ADJUSTMENT? And, more generally, how do we recover the costs of pollution controls? Should the costs of pollution control fall on society as a whole, through public funding, to restore damaged areas? Or should the cost fall on those responsible for creating it and who may have benefited in the process? Related to these questions, should environmental damage be “licenced” for a fee or prevented by direct regulation and enforcement?

Similar questions arise with regard to water. Apart from the contentious issue of the possible export of water, how do we make the best use of Canada’s water resources in terms of the abundance in some regions and potential shortages in others?

### Choice 35: Sharing the revenues

In a federal system such as ours, sharing the benefits from resource exploitation is a doubly complex question. As in any other country, there is a balance to be struck between rents going to the private sector and revenues collected by governments. In Canada, the sharing of revenues also has to be settled between two levels of government, with the provinces, for the most part, owning the resource and having responsibility for managing the pace of development. The choices here run the full gamut of possible institutional and legal changes.

HOW CAN THE RESOURCE SECTOR, GIVEN THESE DIFFICULTIES, BE PROVIDED WITH THE STABILITY NEEDED FOR DEVELOPMENT INVOLVING LONG LEAD-TIMES, HIGH RISKS, OR BOTH? Substantial uncertainty as to world market conditions, future taxes, royalties, prices, supply measures and regulations may prevent major developments from taking place.



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# Social Support: The Challenge

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... we found a vigorous debate as to the relationship between economic and social purposes. Must priority be given to one or the other?

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Like every modern industrial state, Canada has assumed in the last half century the Biblical role of "brother's keeper".

Many factors led to that role for governments. Principal among them were the Depression and the Second World War. The first, with its misery, involved the destruction of the long-prevailing social order in many countries. The second, in its violence and cruelty, was in part a consequence of that breakdown. But industrialization and urbanization had long before begun to erode self-sufficiency and create the vacuum the welfare state was to fill.

Other factors allowed that role to develop. One was the avoidance of further global war. The other was the long period of economic growth that, with pauses, continued until the 1970s. In circumstances of peace and growing wealth, the modern welfare state grew into a strapping, vigorous body of social progress. Expensive, too. That, and the effects it has had on keeper and kept, were a major concern in our hearings.

Few participants at our hearings questioned the importance of maintaining the essential structure of social security that is provided to Canadians. But, from different directions, the questions—how much can be done? how is it to be done?—carved at the foundations of consensus.

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## The Challenge: A new social consensus

TO ESTABLISH A NEW CONSENSUS ON THE ROLE AND PURPOSES OF POLICIES AND SPENDING FOR SOCIAL SECURITY, AND THE BALANCE TO BE DRAWN BETWEEN ECONOMIC EFFICIENCY AND SOCIAL EQUITY.

### ■ THE BACKGROUND

In our hearings, as was noted previously, we found a vigorous debate as to the relationship between economic and social purposes. Must priority be given to one or the other? Or, are the purposes the same in the end?

It is worthwhile to recall that the foundations of Canada's post-war social system were constructed on the basis that social security and economic goals were complementary. The White Paper on Employment and Income, discussed earlier, set out an ambitious social program on the basis that: "In addition to their great direct results in human security and welfare, such measures

will have important supplementary effects in stabilizing and enlarging consumption expenditures and the employment which is derived from them."

However, the beginnings of Canada's contemporary social security system—the start of the shift away from a system based on private welfare to one based on public welfare instead—go back to before the Second World War and the Depression.

In 1927, government pensions were provided for those over 70 years of age on the basis of a means test. The costs were first shared among federal and provincial governments on a fifty-fifty basis but the federal share rose to 75 per cent in 1931.

The one initial exception to this pension system was Quebec. When the province entered the program in 1936, pensions had become national in scope.

By the war's end, there were more ambitious matters on the agenda of the federal government, including a system of public health insurance to augment private plans and ensure universal access to health care, the end to means testing for pensioners over 70 years of age, along with a contributory pension plan and veterans' and dependents' pensions.

The resemblance of what was envisaged to what eventually developed was slight. The agenda of the post-war system was essentially there, with two important exceptions—education and training, and social assistance. But the federal government had in mind the financing of these programs through direct payments, with conditional grants to the provinces kept to a minimum.

In the event, conditional grants became the essence of post-war federal-provincial mechanisms for financing health and education. But they were not only a mechanism for funding. They were also a point of continuing friction among governments.

By the opening of the 1970s, all of the essential elements of the structure were in place.

The federal government, in 1947, had begun grants-in-aid for public health and hospital construction. Ten years later, these were extended, through the Hospital Insurance and Diagnostic Services Act of 1957, and transformed into a shared-cost program. In another decade, following the lead of Saskatchewan, and a Royal Commission on medical care, this was extended to medical care on a fifty-fifty cost-sharing basis. By 1971, all the provinces were in the medicare program.



Similarly, the Canada Pension Plan was in place in nine of ten provinces—along with Quebec's parallel program—in 1966; the Guaranteed Income Supplement was established in 1967, and the qualifying age for Old Age Security payments was reduced to 65 by 1970.

Other assistance programs—for the disabled, the needy, the chronic unemployed—were consolidated in the Canada Assistance Plan in 1966, with the same conditional grant structure.

And in 1967, the federal government's various programs of assistance to post-secondary education—which had begun with bursaries to veterans and grants to universities—were also put on a shared-cost basis through provincial governments.

The final element of this surge of social activism was the enrichment of the Unemployment Insurance System in 1971. There were other ambitions, notably for a Guaranteed Annual Income.

But by 1970, concern about inflation and the costs of the system were beginning to rise. By the mid-1970s, Canada had entered the age of governmental restraint.

Increasingly, the concerns of governments turned to doing more with what was in place and to managing the frictions that had developed over amounts of funding, condi-

tions of funding and the concerns for accountability that were webbed into the broader concerns about national unity and the future evolution of the federation.

Increasingly, too, social concerns turned from the questions of equal access to government services to the claims of particular groups that saw themselves as being left behind in the growth and ferment of the earlier post-war period.

The claims of women to equal treatment were, and continue to be, particularly important, and those claims were asserted not simply in terms of funding, but in terms of affirmative action—not simply in terms of opportunity but in terms of results. Equally, Canada's aboriginal peoples found a restored sense of self-awareness that has been reflected in affirmative action and in demands for self-government.

In our hearings, we found a consistent concern with the unintended side effects of Canada's transformed social security system: the growth of government, the pervasiveness of bureaucracy and the state of dependence created by many of the programs. Thus, we found the social security system under attack, not only for how much it costs but as well, for those defending the expenditure, for what it does to recipients and intended beneficiaries.

*The claims of women to equal treatment were . . . asserted not simply in terms of funding, but in terms of affirmative action—not simply in terms of opportunity but in terms of results.*

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## Social Support: The Choices

This challenge addresses the obligation of governments to respond to the needs of its citizens. It may translate into economic security for those who have been left behind by the system or into self-achievement for those discriminated against by our society.

A number of demands are made on the welfare state:

- for sustaining income maintenance programs,
- for new social services,
- for temporary assistance, and
- for dealing with world poverty.

governments for these programs in 1980, were close to ten per cent of the Gross National Product.

In light of these considerations, a more comprehensive program—such as a guaranteed annual income through direct transfers or a negative income tax scheme—might be fairer, more easily administered, encourage self-reliance, and better accommodate new needs. WHICH PROGRAMS WOULD SUCH A SYSTEM REPLACE? Would it reduce the costs of administration of social support programs?

Related to this choice is the question of universality as an issue of financing.

### Choice 36: Maintaining adequate incomes

In Canada, we have a series of targeted programs, especially for persons over 65, for families, and for those temporarily or permanently out of work. Expenditures by

### Choice 37: Encouraging self-reliance

Social programs, while an important means for redistributing income, can also expand opportunities in the economy.

The present system does not always encourage people to be self-reliant. In many

cases, it imposes real penalties on people trying to improve their financial situation by working. Recipients of welfare see the money they earn deducted from support payments and they can, after deductions, be financially worse off as a result of working. This represents a disincentive to work for those who cannot raise their personal income well above the minimum level guaranteed by the state.

Programs for the recently displaced—those victims of job loss due to technological or trade changes, heads of single-parent households, and others—can help the recipients to regain their financial and social independence. But such people may find it difficult to qualify for support programs that may not provide for the circumstances in which they find themselves.

Beyond the economic arguments raised for or against reform to encourage self-reliance, one must also take into account such factors as human dignity and the willingness of every citizen to contribute to the creation of national wealth.

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### Choice 38: Improving the delivery of services

Governments have the primary responsibility for delivering social services.

On one hand, government delivery of services can provide equal treatment, access, and coordination, and can limit duplication and overlapping while ensuring accountability for public funds. This is at the cost of sensitivity to the particular circumstances in which people find themselves, governmental intrusion into people's lives, and dependence on the administrative discretion of the officials responsible for program delivery.

On the other hand, voluntary organizations foster greater community responsibility, increase the likelihood of local and community funding and provide more humane and personal delivery of services. In that sense, voluntary organizations represent a necessary adjunct to government agencies. At present, they provide very specialized services to needy people. They have shown themselves able to identify and respond more quickly to new issues such as child abuse, battered women and illiteracy.

The choice here is whether to put increased emphasis on the delivery of services through greater use of voluntary organizations, or to concentrate on improving the delivery of government services. IF THERE IS TO BE A GREATER RELIANCE ON THE VOLUNTARY SECTOR, HOW CAN EQUAL TREATMENT AND ACCESS BE PROVIDED, and how can there be an adequate accounting of expenditures?

### Choice 39: Fiscal limits

Large amounts of money have been spent to improve the well-being of Canadians. Expenditures by all governments in Canada in the fields of health, social welfare and education increased from 12.4 per cent to 20.9 per cent of our Gross Domestic Product (GDP), in the period from 1960 to 1981.

If new demands are to be met, should our social expenditures be further increased as a percentage of GDP or should funds be redirected to higher-priority programs?

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### Choice 40: International responsibility

Canada has played an important role in assisting the less developed countries and the poor and starving of those countries. Any discussion on equity should be situated in the broader context of international responsibility and humanity. It also bears as directly on our international economic situation as it does on our internal debate.

The choices parallel those involving the assistance that Canadians provide to each other. SHOULD IT BE DIRECTED TO PROVIDING FOR THE NEEDS OF THE POOR IN THIRD WORLD COUNTRIES, OR SHOULD IT BE DIRECTED TO INCREASING THEIR ABILITY TO STAND ON THEIR OWN? And if it is directed to the latter, are we prepared to buy the goods they produce which may be in competition with our own?

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### Choice 41: Creating more equal opportunity

Several other choices of a specific nature can be contemplated in terms of equality of opportunity. Some flow from the choices set out above. For example, SHOULD OUR SOCIETY HAVE A MANDATORY RETIREMENT AGE? Or is mandatory retirement a form of discrimination against part of the Canadian population that will grow in size and significance in the years ahead? HOW DO WE RELATE SUCH ISSUES AS DAY-CARE AND ACCESS TO EDUCATION AND TRAINING PROGRAMS TO THE CHALLENGE OF FULL EMPLOYMENT AND OF ACHIEVING HIGHER RATES OF PRODUCTIVITY? How can education assist in creating attitudes that will result in more equal treatment for groups that have been subject to discrimination, particularly in terms of opportunities for rewarding work? To what extent should affirmative action programs be used and on what basis, mandatory or voluntary?

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## ntergovernmental relations and the economic union: *The Challenges*

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If Canadians—as we found them to be—are concerned about the public debt, relations between French and English, East and West, Canada and the U.S., and how to secure the full benefits of a national market for Canadians, so they were at Confederation.

The particular form that Canada took—with both a federal and a parliamentary system—resulted in another constant, a concern about relations among governments. The 1880s, for example, when a party espousing separatism was elected as the government of Nova Scotia, were a period when Canada was likened to a “restless, ill-assorted six-horse team”.

Canada’s objectives, therefore, remain a constant, too:

- MORE HARMONIOUS RELATIONS AMONG GOVERNMENTS
- A STRONGER ECONOMIC UNION

Economic difficulty has imparted a sense of urgency to achieving both. A fundamentally transformed society has made the task more complex. Now the search for solutions involves not only the federal government and more provinces—and territories aspiring to become provinces—but the rise of local government as a factor of great weight.

For all this, it is salutary to note that, somehow, Canada has managed to get around a century’s hairpin turns without falling off the edge.

By a measure that relatively few countries met during that century, Canada managed to stay on the road with the same wagon and the same horses.

But survival is not the only measure of success. Along the road, one of the smaller populations in one of the larger territories managed to become one of the wealthiest on earth.

The constant remains, however. We found Canadians intensely concerned with improving relations among governments. The reason, we found, is not simply economic well-being. But that is a good part of it. We found a sense that Canada has been bogging down—unnecessarily—on the soft economic shoulders of a road that looks to be more difficult ahead.

### *The Challenge:*

More harmonious relations among governments

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#### ■ THE BACKGROUND

Let us begin with the Depression, another period of economic difficulty during which there were less-than-harmonious relations among governments.

The Depression struck Canada with special force and uneven impact. But the hardest hit were the Prairie provinces. The combination of depression, drought, dust and finally rust, drove the wheat economy to its knees.

By 1936, when other provinces had inched back to three quarters—or better—of pre-Depression levels, Alberta and Saskatchewan per capita income remained below half of those levels. Equipment and farmhouses abandoned to the Dirty Thirties still dotted the Prairies in the 1950s. And the political landscape remains indelibly marked with the political movements and parties formed in that dusty crucible.

If these two provinces had the worst of a bad decade, all provinces had a similar problem of greater or lesser order. Constitutionally, the provinces had to bear the burden of the relief of the unemployed. As that burden mounted and revenues fell, several were pushed to the edge of insolvency. Newfoundland, yet to become a province, was pushed over the edge.

As all provinces sought revenue, the tax system was reduced to chaos. Efforts to deal with the Depression’s misery from the federal level, within existing constitutional arrangements, failed. The Judicial Committee of the Privy Council struck down much of Prime Minister R.B. Bennett’s New Deal: unemployment insurance, minimum wages, hours of work and days-of-rest legislation.

The coming of war utterly transformed the circumstances. A single personal and corporate tax and succession duty system was created, with the federal government collecting all revenues. In 1940, unemployment insurance became a federal responsibility. The economy came under strong federal leadership for the duration of the war.

*We found a sense that Canada has been bogging down—unnecessarily—on the soft economic shoulders of a road that looks to be more difficult ahead.*



## Intergovernmental relations and the economic union

58

*... there was not a final accommodation and resolution of these issues. The central issue to be resolved involves the accommodation of Quebec to a constitutional consensus.*

The federal government emerged from the war in a commanding position. It collected 72 per cent of the tax revenue and it made 72 per cent of all expenditures in 1946. Provincial governments, which in the late 1930s had spent more than the federal government, accounted for 15 per cent in 1946, and the local level for 13 per cent.

Much of the history of the time since, can be summed up in the shift of revenues and expenditures. By 1982, the federal government collected 44 per cent of revenues and, after transfers to the other governments, its expenditures were 42 per cent of the total. The provincial share of revenues was 40 per cent, expenditures 37 per cent. The local share of revenue was 11 per cent and expenditures 19 per cent.

Transfers between governments tell a tale in themselves. Limited in their use at war's end, they have become a central instrument of national governance. In 1982, federal transfers to other governments totaled some \$16 billion. The local level received more than \$14 billion from other governments.

This fundamentally altered pattern reflects the striking changes that occurred in Canada's priorities over that period and in financial relations between governments, not simply federal and provincial, but local as well.

It poses one of the critical challenges, too, in managing the economy, for taxing and spending are important means of influencing the economy. More of the taxing and spending that can shape the economy rests now with the ten provinces and the cities and towns of Canada than with the federal government. That points toward the need for a greater coordination of economic actions at all three levels of government.

But the evolution of federalism in the post-war years cannot be described through numbers alone.

In the 1950s, the government of John Diefenbaker had pushed the issue of Canadians' democratic rights to the centre of the national agenda with the passage of the Bill of Rights.

And, by the 1960s, language questions had once again assumed a major importance. The Quebec Quiet Revolution freed long pent-up social forces and a succession of Quebec governments articulated new objectives. This ultimately was to lead to the election of the Parti Québécois in 1976, and to the Quebec Referendum of 1980. On the way, the demands of other provinces lengthened the agenda until by the early 1970s,

the whole Constitution was "up for grabs". This agenda was burdened further when the oil shock of 1973-74 posed in dramatic terms, the issue of where the line between provincial and federal powers lay in terms of price, supply, taxation and a host of other issues related to resources.

Out of this crush of issues, a central debate of Canadian history reasserted itself. Was Canada a compact of the provinces? Or was it something more, a federal system in which the national interest was ultimately defined, where there was a conflict as to how it should be defined, by Parliament?

Interwoven in this debate were two quite distinct and equally historic views as to relations between English and French. Was Canada to be a country in which French- and English-speaking Canadians enjoyed equal rights in all of Canada? Or was it a country in which the rights of the two language groups would be defined by where they lived, with francophones protected in Quebec and anglophones elsewhere? Was the Canadian government or the Quebec government the "national" government of French Canadians? Added to this were the more strongly asserted claims of other Canadians, whose origins were neither English nor French—a growing number of people of other ethnic backgrounds as well as Canada's aboriginal peoples.

Indeed, some representatives of aboriginal peoples have proposed self-government on the basis of cultural rather than geographic boundaries.

There was the debate about where particular constitutional powers should be, with the provinces or with the federal government. This debate, initially over the division of powers, increasingly spilled over into the question of whether provincial governments should be represented directly in national institutions.

These were the debates that tangled one with the other in the path leading to the constitutional crisis of 1980-81. If there was a constitutional settlement, however, there was not a final accommodation and resolution of these issues.

The central issue to be resolved involves the accommodation of Quebec to a constitutional consensus.

What would that involve? If Quebec is to be the major focus of the French language and culture in Canada, is this best done through changes to the amending formula or the division of powers, through measures to secure Canada's dual character in national institutions, or by other means?

Finally, to all these issues has been added a rising concern over the state of the economic union.



## The Challenge: A stronger economic union

TO STRENGTHEN CANADA'S ECONOMIC UNION  
AS A BASIS FOR INCREASING ECONOMIC OPPOR-  
TUNITIES THROUGHOUT CANADA AND FOR SE-  
CURING THE DOMESTIC BASIS FOR INTERNA-  
TIONAL COMPETITIVENESS.

### ■ THE BACKGROUND

In the beginning, Canada was mainly barriers. Those barriers were distance, geography and ignorance—impenetrable forests, unpassable rapids, uncharted Prairies, swamps, mountains, tundra and ice-pack.

Confederation was at its core a commitment—it has often been said a quite irrational one—to break through those barriers and construct an East-West transcontinental economy on a continent that worked much better going North-South.

The task of building an East-West economic union involved, first and foremost, overcoming those barriers of geography. It also involved erecting an artificial barrier to the North-South pull of the continent. The transcontinental railway was the principal means for achieving the first, and the protective tariff, for achieving the second.

In the years since the Second World War, however, as the physical barriers between Canadians were overcome—and distance was bridged by new forms of transportation and communication, from the Trans-Canada Highway to satellite signals—so were the artificial barriers guarding the East-West economic union from the ancient North-South pull systematically reduced, a process that continues.

Overcoming the barriers created by geography remains a critical problem in various parts of the country—transportation for the minerals of the North is the key to development there, as transportation is critical to the Atlantic region, particularly the island provinces, for Quebec's hinterland, the coastal areas of British Columbia and the northern parts of many provinces.

But as the natural barriers to drawing the regional economies of Canada into a stronger East-West economic union have been overcome, the artificial barriers have become increasingly important.

Some were always there, the product of simple human nature. Neighbors prefer to trade with neighbors.

But the impediments to freer trade among Canadians have proven to be of infinite variety. Some are governmental, federal and provincial, while others are the result of private arrangements. They include regulations, procurement preferences, Crown agencies and corporations.

In sum, they impede the mobility of labor, capital, goods and services with the result that there are lower incomes and higher costs than might exist in a market more open to Canadians.

Yet, even in this area, we found no strong view that the degree of integration of the Canadian economy should be such that all barriers and all variations among Canadians be eliminated. We found a clear understanding that one of the advantages of Canada is that it provides the opportunity for doing things in diverse ways in different places and that this is of great benefit in itself.

We did find strong objection to the idea, however, that regional diversity should be pursued through discrimination against other Canadians. And we found strong support for the idea of reducing the impediments to the free movement of Canadians and their produce throughout the country.

The challenge, however, involves how that might be achieved and sustained on an ongoing basis.

In that regard, Canada's Constitution is seriously deficient. It does not embody, for example, a number of principles that form the basis of contemporary international agreements—particularly the principle of non-discrimination.

Much federal-provincial negotiation involved precisely this issue in the summer of 1980, prior to the federal government's decision to proceed with the effort to patriate the Constitution through a parliamentary resolution rather than by inter-governmental agreement.

The federal government sought to entrench economic mobility rights for labor, capital, goods and services in the Constitution. In the eventual constitutional accord, the mobility of labor was included, but not the others. Even labor mobility was qualified, where unemployment rates in a province were higher than the average.

It is clear, from this 1980-81 experience, that constitutional entrenchment of stronger protection of the economic union would be a difficult route to follow.

Aside from these constitutional deficiencies, institutional arrangements for resolving questions related to barriers between provinces or between regions are inadequate as well.

Again, Canada lacks the institutions to achieve what international institutions have been established to do between countries, notably the General Agreement on Tariffs and Trade.

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# Intergovernmental relations and the economic union: *The Choices*

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In recent years, the institutions of federalism have come under severe criticism for not adequately meeting four fundamental challenges of Canadian federalism:

- to reflect faithfully the various constituencies;
- to build consensus, to manage conflict, to reconcile and transcend differences;
- to foster values such as participation, accountability and openness; and
- to achieve efficiency and effectiveness.

Canadians have extensively debated rival conceptions of community. Federal-provincial relations have been as much a source of conflict as of compromise. And there have been a host of complaints about the costs of federal-provincial disagreements, overlapping jurisdictions and barriers to the Canadian common market.

We have divided the choices relevant to intergovernmental relations and the economic union into three categories:

- an agenda for constitutional change;
- a strengthened economic union; and
- a renewed intergovernmental network.

Our mandate requires that we suggest ways to improve relations between governments.

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## An Agenda for Change

The question of the division of power was central to the constitutional agenda of the 1960s, 1970s and early 1980s. In the end, the effort devoted to this question was not reflected in the settlement reached by the federal government and the provinces, with the exception of Quebec. The questions that were central then remain central now. WHAT IS THE MOST APPROPRIATE DIVISION OF POWERS TO THE CIRCUMSTANCES AND NEEDS THE CANADIAN FEDERATION IS LIKELY TO FACE? And how should governments go about matching the configuration of constitutional powers to those circumstances and needs?

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## Choice 42: Approaches to change

Canada now has a formula for amending the Constitution within Canada. It is yet to be used to amend the Constitution, although work has been done in one area of considerable importance—a definition of the rights of aboriginal peoples. As well, the question of property rights has been raised as a possible area of amendment.

HOW SHOULD THE FORMULA BE USED WITH REGARD TO THE DIVISION OF POWERS?

Should it be used on a case-by-case basis, when specific needs arise, as to the level of government having jurisdiction in an area of concern?

SHOULD THE UNFINISHED AGENDA OF THE 1960s, 1970s AND EARLY 1980s BE REVIVED AND FINISHED ON A BASIS ACCEPTABLE TO ALL GOVERNMENTS?

If not, how should a new agenda be established? Should it be done by the devices employed in the period prior to the constitutional accord of 1981, that is, a succession of negotiations involving officials from the various governments, ministers and finally First Ministers?

Or should it be done on a more systematic basis, for example through the creation of a permanent or semi-permanent intergovernmental council at the ministerial level which could examine the provisions of the Constitution and, when questions were ripe for settlement, recommend changes?

Finally, SHOULD THERE BE EXAMINATION OF CHANGES TO THE CONSTITUTION THAT WOULD ALLOW GOVERNMENTS TO PERFORM THEIR ROLES THROUGH MEANS THAT STOP SHORT OF PERMANENT CONSTITUTIONAL CHANGE—for example, through the temporary delegation of powers? Without these changes are there better ways to harmonize government activities related to the economy?

### Choice 43:

#### The role of local governments

Local governments play a vital role in the lives of Canadians. Moreover, it is often at the local level that effective participation on the part of citizens in the management of their affairs takes place.

Hence, SHOULD MUNICIPAL INSTITUTIONS PLAY A GREATER FORMAL ROLE IN THE GOVERNING OF THE COUNTRY? Four possibilities might be explored here:

- Some municipalities asked the Commission to look at the possibility of giving local governments constitutional status and formally-assigned powers.
- Whatever status they are provided with by the Constitution, municipalities asked for an assessment of their financial requirements and of ways needed to secure the sources of their revenues.
- Some municipalities want to deal directly with the federal government in certain fields while others suggested that the government delegate the exercise of certain powers to local governments.
- Lastly, in light of the increasing role played by cities, there were suggestions that municipalities be involved in setting economic and other goals for the country, including involvement in intergovernmental discussions now confined to federal and provincial representatives.

### Choice 44:

#### The future of the North

The North has always had a central place in Canada's view of its future. Northerners have developed a distinct view of their future in Canada, reflecting the unique circumstances, needs and culture of the North itself.

They seek to establish the Northern Territories as equal provinces within Confederation. If that is to take place, when should it take place? SHOULD PROVINCIAL STATUS BE BASED ON POPULATION, OR ON THE CAPACITY OF NORTHERNERS TO FINANCE A GREATER PORTION THAN NOW, OF THE SERVICES PROVINCIAL GOVERNMENTS PROVIDE IN THE "SOUTH"? Or should special arrangements be developed based on the vastness of the territory

to be administered? SHOULD THE ULTIMATE GRANTING OF PROVINCIAL STATUS BE DEPENDENT ON THE TERRITORIES EVOLVING FORMS OF GOVERNMENT CONSISTENT WITH RESPONSIBLE GOVERNMENT IN THE SOUTH? Or are there new forms of government that might be more appropriate to the culture, traditions and needs of the North? Should various powers and responsibilities consistent with provincial status be transferred to Northerners in advance of their reaching provincial status?

### Choice 45:

#### The claims of the aboriginal peoples

The federal and provincial governments have under review, as a result of the Canada Act of 1982, constitutional matters directly affecting the aboriginal peoples of Canada, including the right of self-government.

These are fundamental issues for all Canadians. The Commission is concerned about their wider implications for Canadian society and their impact on the economic union and intergovernmental relations. However, we remain to be convinced that the Commission's own contribution in either the definition of the issues or recommendations for their resolution can be significant or helpful while the current constitutional process is under way.

### The economic union

There is little disagreement that maintaining, protecting and enhancing the economic union is an important goal, in order to promote maximum economic growth and to enhance the integrity and unity of the Canadian political community.

There is a balance to be struck, however, between a stronger economic union and the preservation of regional diversity. In attempting to assess where to strike the correct balance, a critical value choice must be addressed.

HOW DO CANADIANS RECONCILE THE COMMITMENT TO PROMOTING REGIONAL REDISTRIBUTION AND EQUALIZATION OF ECONOMIC OPPORTUNITIES—a principle now included in the Constitution—with maximizing national income and well-being?

Any form of economic union requires conflict resolution mechanisms. Thus the four following choices.



### Choice 46: Entrenchment of mobility rights

Aspects of the Canadian economic union are already in the Constitution. Section 121 of the British North America Act, for example, stipulates that “*all articles of the Growth, Produce, or Manufacture of any one of the Provinces shall, from and after the Union, be admitted free into each of the other Provinces*”. Canada has a single currency. Section 6 of the new Charter of Rights entrenches the right to move to other provinces and earn a living.

To a degree, this makes Canada’s court system an important mechanism for resolving conflict. However, previous judicial interpretation has brought into question the meaning of some of these provisions of the Constitution. Additional constitutional protection of the economic union could serve to clarify the situation and provide the Supreme Court with a strengthened role in resolving such conflicts as they arise.

Section 121 might be strengthened and extended to cover the free flow of services. The mobility rights contained in Section 6 of the Charter could be extended to goods, services and capital. Economic rights could be guaranteed by a completely new section of the Charter.

If that were to be the approach, SHOULD SUCH NEW CHARTER PROVISIONS BE EXEMPTED FROM THE APPLICATION OF SECTION 33—the so-called “notwithstanding” clause—which allows Parliament and provincial legislations to override certain freedoms and rights? Should Section 33 be removed entirely from the Charter?

### Choice 47: Codes of conduct

Another approach might be to negotiate “codes of conduct” among federal and provincial governments—in its essence, an honor system—which could limit, albeit with some flexibility, the use of discriminatory practices.

WOULD THIS UNDERTAKING BE COMMITMENT ENOUGH? WOULD NEWLY-ELECTED GOVERNMENTS FEEL BOUND BY THE CODES OF CONDUCT AGREED TO BY THEIR PREDECESSORS?  
If not, how would conflicts be resolved?

### Choice 48: A contractual arrangement

These questions justify looking at a third choice, that of contractual agreements between governments. Governments could negotiate agreements which would be legally binding upon the signatories. This would require a constitutional amendment to allow binding agreements between provinces. Such an arrangement might also provide means by which provinces could bind themselves to treaty obligations undertaken by the federal government under its treaty-making powers.

### Choice 49: New means for resolving conflicts

The interpretation of a commercial system is so complex by nature that it might justify the existence of a special arbitration mechanism. If governments conclude agreements, contractual or otherwise, they may wish to appoint a panel of independent experts to settle disputes regarding the interpretation of those agreements in particular circumstances. This could be an alternative to the use of the Supreme Court to resolve such conflicts.

Similar means are used to resolve trade issues under the General Agreement on Tariffs and Trade and provide a possibility for the aggrieved party to take compensating action. WOULD SUCH A DEVICE, IN THE CANADIAN CONTEXT, ASSIST PROVINCIAL AND FEDERAL GOVERNMENTS IN MINIMIZING THE IMPEDIMENTS TO THE FREE FLOW OF GOODS, SERVICES, LABOR AND CAPITAL WITHIN THE CANADIAN MARKET? If such a mechanism were established, should it be just to resolve intergovernmental differences? Or could it also provide groups, companies and individuals with a means to seek redress for actions by federal or provincial governments or by private organizations that deny them access to parts of the Canadian market or discriminate against them?

## Intergovernmental Activities

The nature and role of intergovernmental mechanisms depend heavily on how one conceives Canada and the way it is governed. The various conceptions of Canada are themselves a matter of disagreement in terms of what Canadians want.

### Choice 50:

#### First Ministers' conference on the economy

Most provincial governments would like regular meetings of First Ministers on the economy.

WOULD SUCH CONFERENCES, IF HELD ON A YEARLY BASIS, ALLOW FOR A BETTER COORDINATION OF FEDERAL AND PROVINCIAL POLICIES? Should such conferences be held in public in order to create a broader understanding of economic problems and possibilities? If not, should conclusions be made public? Would they allow for improved pre-budget consultation with management and labor as to specific policies that might be adopted at the federal or provincial levels? Would they help to "open up" the budget process, as so many Canadians want it to be? Or would they create additional conflict and be occasions more for political grand-standing than for reaching a shared understanding as to federal and provincial goals?

If such annual conferences are desirable, should they be established as a regular practice or should they be given permanence through a constitutional requirement?

### Choice 51:

#### Ongoing economic cooperation

Another possibility is to place less emphasis on First Ministers' conferences, and concentrate instead on building cooperation at a more functional policy level. Thus there are suggestions for increased use of councils of ministers or officials which could promote cooperation in each policy field.

For example, WOULD ECONOMIC COOPERATION AND POLICY-MAKING BE ENHANCED IF GOVERNMENTS, BUSINESS AND LABOR FORMED A CONTINUING ORGANIZATION TO CONSIDER ECONOMIC POLICY QUESTIONS, SHARE INFORMATION AND DEVELOP CONSENSUS ON SPECIFIC ISSUES OR GENERAL APPROACHES?

### Choice 52:

#### Accountability of inter-governmental organizations

A number of proposals have been advanced to make federal-provincial relations more open and accountable.

SHOULD FEDERAL-PROVINCIAL RELATIONS BE MORE OPEN TO PUBLIC AND LEGISLATIVE SCRUTINY? For example, should federal-provincial communications and documentation be made accessible to the public under freedom of information legislation?

It may be possible for intergovernmental bodies to establish consultative task forces, including representatives of the private sector, in areas where federal and provincial governments are both deeply involved.



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# National Institutions: The Challenges

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Canada's institutions of national governance are the children of an ancient mother.

The evolution of these institutions is a tale told in centuries, from the alchemy of Norman and Saxon ideas that led to the beginnings of the jury system, to the transplantation and transformation of parliamentary government to Canada in the last century, to the extension of the right to vote to women, and most recently, to the entrenchment of the Charter of Rights and Freedoms.

The pressure for reform works constantly against these institutions.

Concern about institutions is partly the product of the well-developed democratic convictions of Canadian society. It is partly, too, the product of a half century's growth of government, a growth that has taken place at all levels and, for that matter, in all countries and that is universally described by the term bureaucracy.

Our objectives, then, are two:

- MORE REPRESENTATIVE, RESPONSIVE POLITICAL INSTITUTIONS
- MORE OPEN, ACCOUNTABLE BUREAUCRACY

If the problems of democratic institutions and bureaucratic structure are common to many countries, Canada has particular problems. They relate to the way the children of the ancient mother grew, evolved and became distinctive in the Canadian setting—that is, to the particular contribution of Canada to the parliamentary work of centuries.

If Canada's parliamentary system derives from the British system, Canada was the first parliamentary federation. The combination of parliamentary tradition in a federal state made Canada different from the federation that had been constructed to the South, in the century preceding Confederation. Canada's Upper House, the Senate, was different from its British forebear. It has as a principal role the responsibility to represent a diversity of regions rather than a class. The supremacy of Parliament was limited from the outset in Canada in that the provinces, also parliamentary governments, were given powers. Supremacy, in that tradition, has been limited again by the Charter of Rights and Freedoms, which subordinates parliaments—federal and provincial—to the principles it contains.

The challenges, then, if common to those of other countries, are nonetheless different, and are to be met with a sensitivity to

the way that parliamentary traditions operate in a federal system, and with the consciousness that the reform of Canada's national institutions is playing with the work of centuries.

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## The Challenge: More representative, responsive political institutions

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TO REFORM NATIONAL INSTITUTIONS SO AS TO STRENGTHEN THEIR CAPACITY TO REFLECT AND RECONCILE CANADA'S DIVERSE CULTURAL, LINGUISTIC, ECONOMIC, SOCIAL AND REGIONAL INTERESTS.

### ■ THE BACKGROUND

Canada's parliamentary system is composed, in its formal dimension, of the two Houses of Parliament and the Crown, as represented by the Governor General. In that, it reflects the origins of Parliament as a check upon the Crown. In this century, in both Canada and Britain, Parliament's role has been that of a check on the Crown's advisers, the Cabinet.

Sir John A. Macdonald acknowledged the great power of the Cabinet in our parliamentary system when he said that "*Given a government with a big surplus, and a big majority and a weak opposition . . . you could debauch a committee of archangels*". Perhaps the surplus is no longer necessary.

Our concern, then, is not simply with the formal aspects of national institutions—the House of Commons, the Senate and the judiciary. It is also with the informal aspects—the parts missing from the written Constitution but central to the system's working: the electoral system, the party system, the Cabinet and the bureaucracy.

In our hearings, the Senate figured prominently among the proposals for institutional reform, since it has increasingly been a focus of discussion, as ways were sought to better reflect and reconcile provincial or regional interests in national decision-making. The choices with regard to the Senate are set out below.

Senate reform cannot be seen outside the context of the overall system, however, and in that context, the House of Commons is both dominant and central, the buckle on the belt cinching the voter to the ultimate source of decision-making in the Cabinet.

*Senate reform cannot be seen outside the context of the overall system, however, and in that context, the House of Commons is both dominant and central . . .*

The House of Commons is organized on the basis of political parties. The party is thus the means through which voters' preferences are reflected in parliamentary votes, for or against. It is also the instrument by which the Cabinet ensures that decisions taken in the secrecy of the Cabinet room are put into legislation. The principal means by which this is ensured is through the tradition of party discipline.

We found that party discipline is under questioning. HAS IT BECOME MORE AN INSTRUMENT BY WHICH CABINET GETS ITS WAY, THAN A MEANS BY WHICH THE WISHES OF THE VOTER ARE REFLECTED? As well, we found it under question from a different direction—as an instrument by which the provinces with the majority of the population, Ontario and Quebec, maintain a position of dominance over the less populous provinces. That latter view is in a long tradition of protest that developed decades ago, primarily in the West, and maintains its hold.

In addition, however, it is clear—although we heard little concerning this issue in our hearings—that the weight of party membership in the Commons does not reflect the election results in terms of the way votes are cast. In particular, the electoral system skews regional results.

Until the mid-1950s this was not of serious concern.

The 1958 election of the Progressive Conservatives under John Diefenbaker brought a fundamental political realignment. His sweeping victory was nationwide, including 50 seats in Quebec and a dominating position in the West.

The realignment was not permanent, however. From 1962 until 1968, minorities formed the national government. With the majority election result in 1968, there was a restoration of government with all parts of the country represented.

But that did not prove permanent, either. With the 1979 election, the Progressive Conservatives gained minimal support in Quebec. This was followed by the election of 1980, in which the Liberals formed a majority but did not win a seat in the three westernmost provinces. Neither standing reflected the actual voting results, since neither the Progressive Conservatives nor the Liberals had a number of seats which reflected their proportion of the vote throughout the country.

These results inevitably have focused attention on the adequacy of our electoral system.

THUS, THE CHALLENGE OF REFORMING INSTITUTIONS TO MAKE THEM MORE REPRESENTATIVE AND MORE RESPONSIVE TO VOTERS FOCUSES ON TWO CRITICAL DIMENSIONS, HOW MPs ARE ELECTED AND THE DEGREE OF INDEPENDENCE THEY HAVE WHEN THEY ARE ELECTED, WITH THE PARTY SYSTEM AND TRADITIONS CRITICALLY INFLUENCING BOTH.

Finally, the judicial system has always had an important function, despite the preferences of governments to seek political accommodations on legal and constitutional issues. With the entrenchment of the Charter of Rights and Freedoms, however, the court system already has an enhanced role to play.

The courts therefore form a part of the longer-term challenge in terms of ensuring that the authority they exercise is sustained by an acceptance of their legitimacy in making increasingly important decisions.

## *The Challenges:*

### *More open, more accountable bureaucracy*

TO DEVELOP EFFECTIVE MEANS TO CONTROL THE GROWTH OF GOVERNMENT AND RENDER IT MORE OPEN TO PUBLIC SCRUTINY AND ACCOUNTABLE FOR RESULTS, GOOD AND BAD.

#### ■ THE BACKGROUND

Government is the largest industry of all. That is true in virtually every country.

Through much of the post-war years, in fact, it was one of the fastest growing industries in Canada, as elsewhere.

And in one way or another, it reaches into every corner of our social and economic life. Sometimes it collects money, sometimes it spends. Sometimes it makes regulations, sometimes it referees, and sometimes it is a player in the game. And that remains true elsewhere.

Nor, if the phenomenon of big government is universal, is it entirely new. The term "red tape" derives from the red ribbon tied around documents by the Indian civil servants at the height of the British Raj.

Canada has made its contribution. Government-sponsored canal building led directly to railway ownership, broadcasting and box factories, and on to mega-projects, executive jets and computer companies.

As with many other phenomena of Canada's post-war transformation, a great deal of impetus for government growth can be traced to the Second World War. In 1940, the federal government had virtually total control over the economy. It controlled exports and imports, rationed sugar, set the price of commodities and acted in virtually every area of war production.

To get a measure of the industrial activity of government during wartime, some \$800 million was invested in industrial expansion and some 75 per cent of that was done through Crown corporations. And government was the biggest customer, spending some \$11 billion on the procurement of war supplies. When the war ended, Canada was the fourth largest manufacturing country in the world.

*Government is the largest industry of all. In one way or another, it reaches into every corner of our social and economic life.*



*... it is widely believed that power increasingly rests with the unelected, the public service, that this is an important centre of power in a society dominated like others by government... and that one basic need is to open the public service to the light of public scrutiny.*

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Between 1946 and 1971, employment in the federal public service more than doubled, from 120,577 to 250,672. Provincial government employment increased five-fold over the same period, from 38,370 to 209,760. And by 1975, one Canadian worker in four was in the employ of government, including education and the health sector.

The transformation over the post-war period has involved not only how much government Canada paid for, but which governments did what, what they did and how they did it. On the first, not surprisingly, provincial and local governments grew far faster in percentage terms. But it was not simply the result of starting from the inevitably minor position that was their lot at war's end. During the 1960s, the provinces and local governments became a bigger factor in the national economy than the federal government, a position they have retained.

What governments did also changed. Three major categories—health, social welfare and education—made up an increasing share of government expenditure. Before the Second World War, about a third of government expenditure had been in these three areas. By 1970, they involved more than half of much-expanded government expenditures in a much-expanded economy.

By 1980, this proportion had declined somewhat as the baby boom generation passed out of the school system into the work force, reducing the proportion of Gross National Expenditures absorbed by education. Still, nearly half of the federal government's expenditures and three dollars out of every five spent at the provincial and local levels were directed to these three areas.

The third element of the transformation—how governments involved themselves in the lives of Canadians—involved not simply expenditures and Crown corporations but a vast range of devices from tax breaks to grants, to an increasing use of regulation and an increasing reliance on administrative discretion in using all of these devices.

If the growth of government as to the numbers it employs had leveled with the era of restraint that began in 1975, and if the social programs of the 1970s and 1980s were basically the ones put in place in the 1960s, we found, at the time of our hearings, two well-focused lines of concern.

The first related to the size of government and was primarily focused on the deficit of the federal government.

The second related to the increasing complications created by government and by the evidence of competition within and between governments as a factor contributing to complexity. It was directed not so much to the size of government as to the closed character of bureaucracy and to the

need for more openness, more consultation and more accountability. That was particularly the focus in terms of establishing budgetary policy.

This concern, like institutional reform, touches on some basic principles of Canada's parliamentary system. Canada's public service, a century ago, was based on the hurly-burly principle of political patronage as a ticket to employment.

Since 1918, public service has been based on the principle of merit and its essential companion, a clear line of demarcation between partisan politics and public administration—the public servants on one side, the politicians on the other. In principle at least, this ensures that the ministry can be held publicly accountable while the administration for which it is responsible proceeds apace in professional anonymity, power resting with the elected, and the public service carrying out instructions.

In practice, whether or not this is the way it works, it is widely believed that power increasingly rests with the unelected, the public service, that this is an important centre of power in a society dominated like others by government, that those who exercise that power are shielded from the difficulties faced by those not in government as well as from public scrutiny, and that one basic need is to open the public service to the light of public scrutiny.

The challenge, however, is not simple. Meeting it in the way we heard suggested most often plays, too, with the work of centuries. It touches, in particular, on a central element of parliamentary democracy—the right of parliamentarians to hold a Cabinet responsible, individually, collectively and fully, for doing that which Parliament has agreed that it should do.

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# National Institutions: *The Choices*

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This challenge leads us into a number of major choices about the structure and operation of national political institutions.

We need firstly, to find ways to improve their capacity to represent, and then to reconcile and accommodate the interests of citizens.

We need, secondly, to improve the responsiveness of institutions to citizens' demands and to increase their accountability for what they do. We need to improve the capacity of institutions to consult with interested groups.

And we need to improve our collective institutional ability to make effective decisions, especially to make difficult choices concerning the future of the Canadian economy. All these objectives are closely interrelated. In particular, effective decision-making requires that our institutions take all interests into account and that citizens feel themselves adequately represented.

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## Choice 53: Electoral system reform

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A reform of the electoral system might allow legislatures to better reflect the various elements and the various regions which make up Canadian society. Proportional representation is an often-discussed choice.

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## Choice 54: Party discipline

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A reduction of the constraints of party discipline on individual Members of Parliament might reduce Cabinet dominance and give a greater priority to the constituents they represent.

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## Choice 55: Legislative reform

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This could involve changes within prevailing party conventions including the reinforcement of committees, a greater use of task forces, an increase in resources, and the increased use of joint committees of the House and Senate.

Parliaments and legislatures have traditionally provided the basic protection for rights and they will continue to play a central role in this regard. The Charter of

Rights and Freedoms establishes a new basic level of protection. But these protections can be over-ridden.

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## Choice 56: Senate reform

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The most frequently mentioned parliamentary institution during the fall hearings was undoubtedly the Senate. Many task forces and parliamentary committees, including, most recently, a joint committee of the House and the Senate, have examined the future of this institution.

Canadians made many recommendations on the Senate, ranging from outright abolition to highly complex reforms. Proposals for reform covered three topics:

### ■ REPRESENTATION:

At present, the Senate is organized in terms of a rough equality of representation from four regions, Ontario, Quebec, the Atlantic and the West. Should it be organized in future on the basis of the equality of regions and, if so, how many? Should it be organized on the basis of equal provinces, or some compromise among them?

### ■ MANNER OF SELECTION:

The major choice here is between continuing with an appointed second chamber, or opting for an elected Senate. Several proposals have suggested that Senators be appointed by provincial governments or legislatures, linking the Senate directly to provincial governments and perhaps leading it to play a more central role in federal-provincial relations. Other proposals are premised on the argument that any appointment process violates democratic principles, and that the Senate should represent the interests of citizens of the provinces, not the interests of their governments.

### ■ POWERS:

In principle, the existing Senate has, with the exception of money bills, formal powers equal to those of the Commons. In practice, its powers are limited by its lack of an electoral base. The question would have to be faced in any general Senate reform, particularly one involving an elected Senate. The choice here is between a Senate with broad powers—to veto, modify or propose legislation, as well as to perform a number of



other functions directly related to its regional representation role—and a Senate with specific and limited powers, perhaps limited to a short suspensive veto. Broader powers could undermine the responsibility of the Cabinet to the Commons. In addition, the increased political authority an elected Senate would enjoy might result in greater conflicts between the two Houses, unless appropriate machinery were developed.

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### Choice 57: Regional representation in other institutions

With the new Charter, it is likely that the Supreme Court will become a more important element in the political process. SHOULD THE COURT BE GIVEN AN INDEPENDENT CONSTITUTIONAL STATUS? Should court appointments be ratified by Parliament?

It has also been suggested that in dealing with constitutional cases concerning language, culture or education, a special panel of the Supreme Court be set up, with an equal membership of French- and English-speaking judges and the Chief Justice in the Chair.

ARE THERE WAYS TO PROVIDE EXPLICIT REGIONAL REPRESENTATION IN A NUMBER OF OTHER INSTITUTIONS INCLUDING CROWN CORPORATIONS AND REGULATORY AGENCIES? Should provincial governments have a voice in the selection of members? Or should these appointments be ratified by Parliament?

Finally, more effective regional sensitivity within the federal bureaucracy might be attained through a number of means such as an increased decentralization of federal departments to local and provincial offices.

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### Choice 58: Representation of other special groups

Most discussions on improving the representative capacity of institutions focus on regional and linguistic matters. However, we also heard a number of claims that groups defined in terms other than regional—be it by sex, ethnic or racial origin—should be better represented in national institutions.

Consideration might be given to such proposals as:

- providing representation for aboriginal peoples in a revised Senate;
- affirmative action of various kinds in the public service; and
- formal group representation on boards and agencies of special importance to particular groups.

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## Participatory Institutions

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In an age of large, complex government, traditional methods of accountability of government to Parliament and the electorate are increasingly inadequate and outmoded.

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### Choice 59: Improved consultation and accountability

We heard a considerable number of suggestions to expand the mechanisms for consultation with affected interests in many policy areas. How might we do this? DO WE NEED TO CREATE NEW FORMALIZED INSTITUTIONS FOR THIS PURPOSE, SUCH AS A NATIONAL CONSULTATIVE FORUM ON ECONOMIC AND SOCIAL POLICY? An important choice involves the question of whether such bodies would be purely forums for discussion and consultation, or whether they would have a decision-making role. Equally, there is a choice to be made between parliamentary mechanisms and bureaucratic mechanisms. The former have the virtue of making the process open. The latter have the advantage of bringing groups directly into contact with those who administer programs.

One complementary requirement is for improved accountability. Various reforms could improve the accountability of the Cabinet to elected Members of Parliament. SHOULD WE ALSO REDUCE DISCRETIONARY POWERS AND BUILD "SUNSET CLAUSES" INTO LEGISLATION AND REGULATIONS TO ENSURE REGULAR PARLIAMENTARY REVIEW? Should a parliamentary committee be given the responsibility for reviewing regulations?

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### Choice 60: Direct participation for citizens

In addition to developing mechanisms for consultation with groups, should we also consider the possibility of increasing the opportunities for individual initiatives? Among the possibilities here are use of referenda in a number of policy areas. Perhaps the greatest scope for these and other techniques of citizen participation in ongoing decision-making are to be found in a greater decentralization of responsibility to local decision-making bodies.

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# Looking Forward

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## From Present Concerns to Future Possibilities

Late one evening, in Edmonton, a small businessman—recently bankrupt—came to speak to us. An immigrant who had become a Canadian citizen spoke of trying to keep his business alive and ultimately failing to do so. He told us that he hoped that changes could be made “so that in forty years we are not going through this situation again”.

But then he went on: “... as an immigrant, someone who has come in . . . , who looks at the situation where I came from, I would say this: if you are going to have a recession and you are going to become a casualty of it, it's a damn sight better to have it here in Canada”.

That evening, the audience broke into applause. He had captured a spirit that we found throughout Canada in our extended travels last fall. He had also defined the task of the Commission well: to recommend changes so that in forty years “we are not going through this situation again”.

In terms of that task, the agenda for CHALLENGES AND CHOICES on the preceding pages represents a first and essential step towards fulfilling it.

We have sought, on the basis of what we heard from Canadians, to identify—from among the innumerable concerns put before us—a set of issues at the centre of those concerns.

From that basis, we must now take the second step. It is to transform this agenda, marked as it is by a sense of present pre-occupations, into an agenda for action marked by a sense of Canada's future possibilities.

We seek now the guidance of Canadians as to what will achieve that end. In our hearings last fall, a number of Canadians, but the smaller proportion of those who came before us, attempted to do that, and cast their minds forward to the future and outward to the world.

We have in mind people like Len Bruton of the University of Victoria who spoke of the need to use existing and evolving technologies to build an “informational railroad” to connect Canadians one to the other because “there can be no nation that needs to communicate as much as we do”.

We have in mind Dennis Patterson, who spoke eloquently of the land of the Inuit—“a land of great distances, of violent and changing weather and of the most beautiful summers anywhere on earth”—and of what needs to be done, “a political framework in which economic development can take place with the full involvement of our people”.

We have in mind Claude Castonguay, who told us: “If, in order to survive, we have to be as good as the competition, then, in order to thrive, we will have to be far better”.\*

But it is also necessary to look inward, to the human potential of Canada and Canadians, and what needs to be done to benefit from that potential, in the way that Angus Bruneau did for us in Halifax.

“I can remember, when I was a kid, the ‘Great North’ of Canada”, he said. “There was a sense on the part of Canadians of what Northern development was all about. There was a sense of commitment and participation and romance. What are the goals we have in this country now? I don't know what they are. My sense is that it is more important that we begin to re-establish a sense of ‘what really are we trying to do in that longer term?’ rather than just measure it”.

That, too, defines well the step that is now to be taken.

“... it is more important that we begin to re-establish a sense of ‘what really are we trying to do in that longer term?’ rather than just measure it”.



# List of Briefs and Interventions

*The Commissioners wish to express their gratitude to the Canadians who submitted briefs and participated in hearings. The time, the effort and the thinking invested in these briefs is an essential part of CHALLENGES AND CHOICES.*

70

NOTE: THE NAMES OF THOSE WHO APPEARED BEFORE THE COMMISSION ARE PRECEDED BY AN \*

\*A.R. Clarke & Co. Limited  
Aalborg, Anders O.  
Abbott, Mark  
\*Acadian Federation of Nova Scotia  
\*Action travail des femmes du Québec Inc.  
\*Activités-Jeunesse  
Adair, D. Brent  
Adair, John E.  
Adams, William G.  
\*Agricultural Institute of Canada  
\*Agrinove, Coopérative agro-alimentaire  
Aird, Paul L.  
Ajax-Pickering Board of Trade  
\*Alberta Committee of Consumer Groups of Disabled Persons  
Alberta Historical Resources Foundation  
\*Alberta New Democratic Party  
\*Alberta Oil Sands Technology and Research Authority  
\*Alberta Teachers' Association  
\*Alberta Wheat Pool  
Alberta Wilderness Association  
\*Alcan Aluminium Limited  
Alert (Charlottetown Branch)  
\*Alexander, Donald A.  
\*Allan, Robyn  
\*Alliance of Canadian Cinema, Television and Radio Artists  
\*Anawak, Caroline  
\*Anawak, Jack  
Andrade, M.L.R.  
\*Andrew, Caroline and Jean-Pierre Gaboury  
\*Anglican Church of Canada, General Synod  
\*Angus, Iain  
Aquino, Creighton  
Aram International  
\*Archer, S.S.  
Armstrong, John L.  
\*Armstrong, Pat and Hugh  
Arundel-Evans, Rick  
\*Ashton, Ernie  
Ashton, Steve, M.L.A.  
\*Asia Pacific Foundation of Canada  
\*Assembly of B.C. Arts Councils and the Community Arts Council of Vancouver  
Assembly of First Nations  
\*Association canadienne-française de l'Alberta  
Association coopérative d'économie familiale de Québec  
\*Association des femmes collaboratrices  
\*Association des mines de métaux du Québec Inc.  
\*Association des propriétaires de Québec Inc.  
\*Association féminine d'éducation et d'action sociale

Association for the Protection of Fur-Bearing Animals  
\*Association of British Columbia Professional Foresters  
\*Association of Canadian Advertisers Incorporated  
\*Association of Canadian Community Colleges  
Association of Canadian Distillers  
\*Association of Canadian Financial Corporations  
\*Association of Consulting Engineers of Canada  
\*Association of Deans of Pharmacy of Canada  
Association of Professional Engineers of British Columbia  
\*Association of Professional Engineers of Saskatchewan  
\*Association of Universities and Colleges of Canada  
\*Association of University of New Brunswick Teachers  
Association of Women Electors of Metropolitan Toronto  
\*Association of Yukon Communities  
Associés R.C.P. Associates Inc.  
Atkinson, Roy  
Atlantic Conference on Learning Disabilities  
\*Atlantic Provinces Chamber of Commerce  
\*Atlantic Provinces Economic Council  
\*Atlantic Provinces Transportation Commission  
\*Atomic Energy of Canada Ltd.  
\*Attawapiskat Band  
\*Audley, Paul  
Auf der Maur, Frank  
\*Austin, The Honourable Jack  
\*Axworthy, The Honourable Lloyd  
B.A. Tripp and Associates Ltd.  
\*Baffin Tourism Association  
Baird, D.C.  
BAKAVI, Design for Living Inc.  
\*Bank of Montreal  
Barber, Alan  
\*Barnett, Enid  
\*Beckton, Clare  
\*Bell Canada  
\*Bell Canada Enterprises Inc.  
Bell, A.J.  
\*Benesh, John B.  
\*Benson, C.A.  
Benton, S.B.  
\*Bertrand, Guy  
\*Beutel, Austin C.  
Beynon, Peter K.  
Biddell, John L.  
Biggin-Pound, W.J.  
Biggs, William M.  
Bishop, J.W.  
\*Blakeney, The Honourable Allan, Leader of the Opposition, Saskatchewan  
\*Board of Trade of Metropolitan Toronto  
Boddy, Dale  
Boigon, Irving D.  
Boily, Robert  
\*Bombardier Inc.  
Bonyun, Denis  
Boros, Stephen D.  
Boyd, John B.  
\*Boyd, Michael

\*BP Selco Inc.  
\*Bradley, William  
Breiland, Haakon Johan  
Brett, Peter  
Brian Hull and Associates  
\*BRITEX  
\*British Columbia and Yukon Territory Building and Construction Trades Council  
\*British Columbia Association of Social Workers  
\*British Columbia Central Credit Union  
British Columbia Federation of Women  
\*British Columbia Health Association  
\*British Columbia Institute of Technology  
\*British Columbia Law Union  
\*British Columbia Resources Investment Corporation  
British Columbia Wildlife Federation  
\*British Columbians for Mentally Handicapped People  
Brown, Rupert D.  
Brown, Walter F.M.  
\*Bruneau, Angus  
\*Brunelle, Dorval  
\*Bruton, Len T.  
\*Bujold, Bernard  
Bulpin, Donald  
Burke, Roger J.  
Burns Foods Limited  
\*Burns Fry Limited  
\*Business Council on National Issues  
\*Busque, Paul-André  
Byrne, Gerald  
\*C.D. Howe Institute  
C.F.B. Chatham Steering Committee  
\*C.I.L. Inc.  
\*CNCP Telecommunications  
Cadeddu, Salvatore  
\*Cadillac Fairview Corporation Ltd.  
Cairns, Wm. L.  
\*Calgary Association of Voluntary Agencies  
\*Calgary Chamber of Commerce  
\*Calgary Council for Advanced Technology  
\*Calgary Research and Development Authority  
\*Camco  
Cameron, Douglas  
\*Cameron, Sandy, Leader of the Opposition, Nova Scotia  
Cameron, W.J.  
Campbell, A.J.  
Campbell, J.G.  
\*Campeau Corporation  
\*Canada Oil and Gas Lands Administration (Nova Scotia Office)  
\*Canada West Foundation  
\*Canadian Advisory Council on the Status of Women  
\*Canadian Agricultural Chemicals Association  
\*Canadian Air Line Employees' Association  
\*Canadian Air Line Pilots Association  
Canadian-Arab Cultural Centre  
Canadian Artists' Representation  
\*Canadian Association for Adult Education  
Canadian Association of Housing and Renewal Officials  
\*Canadian Association of School Administrators  
\*Canadian Association of Social Workers  
\*Canadian Association of University Teachers



- \*Canadian Association of Women Executives
- \*Canadian Association on Gerontology
- \*Canadian Bankers' Association
- \*Canadian Business and Industry International Advisory Council
- \*Canadian Business Equipment Manufacturers Association
- \*Canadian Cattlemen's Association
- \*Canadian Centre for a Changing Society
- \*Canadian Centre for Philanthropy
- \*Canadian Chamber of Commerce (Montreal)
- \*Canadian Chamber of Commerce (Ottawa)
- \*Canadian Chemical Producers Association
- \*Canadian Conference of Catholic Bishops
- \*Canadian Conference of the Arts
- \*Canadian Congress for Learning Opportunities for Women
- \*Canadian Construction Association
- \*Canadian Co-operative Wheat Producers Limited
- Canadian Council for International Co-operation
- \*Canadian Council of Furniture Manufacturers
- \*Canadian Council of Professional Engineers
- \*Canadian Council on Social Development
- \*Canadian Crafts Council
- \*Canadian Day Care Advocacy Association
- \*Canadian Direct Marketing Association
- \*Canadian Electrical Association
- \*Canadian Electrical Distributors Association
- Canadian Environmental Advisory Council
- \*Canadian Environmental Law Research Foundation
- \*Canadian Export Association
- \*Canadian Federation of Agriculture
- \*Canadian Federation of Communications Workers
- \*Canadian Federation of Deans of Management and Administrative Studies
- \*Canadian Federation of Humane Societies
- \*Canadian Federation of Independent Business
- Canadian Federation of Independent Petroleum Marketers
- \*Canadian Federation of Labour
- \*Canadian Federation of Professional Foresters' Associations
- \*Canadian Federation of Students
- \*Canadian Food Processors Association
- \*Canadian Forestry Association
- Canadian Forestry Service
- \*Canadian Foundation for Economic Education
- Canadian Friends of Schizophrenics
- \*Canadian Gas Association
- \*Canadian General Electric Company Limited
- \*Canadian Hardware and Housewares Manufacturers Association
- \*Canadian Health Coalition
- \*Canadian Hospital Association
- \*Canadian Importers Association Inc.
- \*Canadian Industrial Renewal Board
- \*Canadian Institute for Economic Policy
- \*Canadian Institute of Chartered Accountants
- \*Canadian Institute of Forestry
- \*Canadian Institute of Mining and Metallurgy
- \*Canadian Institute of Planners
- \*Canadian Labour Congress
- \*Canadian Life and Health Insurance Association Inc.
- \*Canadian Machine Builders' Association
- \*Canadian Manufacturers' Association
- \*Canadian Manufacturers' Association (P.E.I. Branch)
- \*Canadian Meat Council
- Canadian Medical and Biological Engineering Society Inc.
- \*Canadian Mental Health Association
- \*Canadian National Railways
- \*Canadian Nurses' Association
- \*Canadian Organic Producers Marketing Cooperative Ltd.
- Canadian Pension Conference
- \*Canadian Pensioners Concerned Incorporated
- \*Canadian Petroleum Association
- \*Canadian Pulp and Paper Association
- \*Canadian Real Estate Association
- \*Canadian Red Cross Society
- \*Canadian Rehabilitation Council for the Disabled
- \*Canadian Research Institute for the Advancement of Women
- \*Canadian School Trustees' Association
- \*Canadian Shipbuilding and Ship Repairing Association
- Canadian Society for Chemical Engineering
- \*Canadian Society for Professional Engineers
- Canadian Society for the Study of Higher Education
- \*Canadian Soft Drink Association
- \*Canadian Teachers' Federation
- \*Canadian Textiles Institute
- \*Canadian Union of Public Employees
- \*Canadian Urban Transit Association
- \*Canola Crushers of Western Canada
- Canterra Engineering Ltd.
- Cape Breton Co-operative Council
- \*Cape Breton Development Corporation
- \*Cape Breton Joint Expenditure Board
- \*Capeling, Ralph R.
- \*Capital Families
- \*Capital Region Development Commission Inc.
- Cappell, Joel
- Carlson, Gary
- Caro, Denis H.J.
- \*Carpenters and Joiners Union, Local 494
- Carrefour québécois des travailleurs de la famille
- \*Carrier-Sekani Tribal Council
- \*Carrothers, A.W.R.
- \*Cartier Circle
- \*Carver, Horace B., M.L.A.
- \*Cassidy, Michael, M.P.P.
- Cassivi, Yvon
- Catholic Family Services of Saskatoon
- \*Catholic Social Services
- \*Catholic Women's League of Canada
- Cauchon, Dona
- Cawkell, David M.
- Caya, Martin
- \*Celanese Canada Inc.
- Central Interior Tribal Councils
- \*Centrale de l'enseignement du Québec
- \*Centrale des syndicats démocratiques (Montréal)
- \*Centrale des syndicats démocratiques (ville de Québec)
- \*Centre-femmes de Beauce
- Chalifoux, John
- \*Chamber of Commerce Northwest Inc.
- \*Chambre de commerce et d'industrie du Québec métropolitain
- \*Chambre de commerce de Chicoutimi
- \*Chambre de commerce de la province de Québec
- Charron, Edgar B.
- Chartrand, Harry
- Chase, Lloma Jane
- \*Checkland, Edward and Russell Pendergast
- Chemical Institute of Canada
- Chilliwack Community Arts Council
- Chorney, Paul
- Chouinard, Faustin
- \*Christian Farmers Federation of Ontario
- \*Church, R.B.
- \*Churches of Edmonton
- Ciera Technology Ltd.
- Citizens for Public Justice
- \*City of Calgary
- \*City of Charlottetown
- \*City of Chicoutimi
- \*City of Edmonton
- \*City of Fredericton
- \*City of Halifax
- City of Hull
- \*City of Lethbridge
- \*City of Moncton
- \*City of Ottawa
- \*City of Vancouver
- \*City of Windsor
- \*City of Windsor, Mayor's Committee on Services for the Unemployed
- \*City of Winnipeg, Department of Environmental Planning
- \*City of Yellowknife
- Clément, Michèle
- \*Clements, Bryan
- Cliche, Nicolas
- \*Coalition for National Voluntary Organizations
- Coalition for the Protection of Human Life
- \*Coalition of Social Organizations in Cape Breton
- Coffin, Garth
- Coldwell, Susan
- \*College of New Caledonia
- Collette, The Honourable David M., Multiculturalism
- \*Comact Inc.
- \*Cominco Ltd.
- \*Communauté urbaine de Montréal
- \*Communications Workers of Canada
- \*Communist Party of Canada
- \*Community-Based Health Services Coalition
- \*Community Council of Greater Victoria
- \*Community Forum on Shared Responsibility
- \*Community Nursing Registry of Windsor Inc.
- \*Community Seminar (Prince George)
- \*Community Services Council (Newfoundland and Labrador)
- \*Confédération de l'Union des producteurs agricoles
- \*Confédération des caisses populaires et d'économie Desjardins du Québec
- \*Confédération des syndicats nationaux (Chicoutimi)
- \*Confédération des syndicats nationaux (Montréal)
- \*Confédération des syndicats nationaux (St-Georges-de-Beauce)
- \*Confédération des syndicats nationaux (Ville de Québec)
- \*Confederation of Alberta Faculty Associations
- \*Confederation of Regions Party of Alberta
- Conférence des associations de créateurs et créatrices du Québec
- \*Conseil canadien de la coopération
- \*Conseil de la coopération du Québec
- Conseil de la sculpture du Québec
- \*Conseil du patronat du Québec
- \*Conseil économique d'Alma et de Lac-St-Jean inc.
- \*Conseil économique de Beauce
- \*Conseil économique du Nouveau-Brunswick inc.
- \*Conseil exécutif national du Parti québécois
- \*Conseil jeunesse provincial inc.
- \*Conseil régional de développement de la région administrative de Québec
- \*Conseil régional de développement Saguenay-Lac-St-Jean-Chibougamau
- \*Conseil régional de la Pastorale La Chaudière
- Conservation Council of New Brunswick



- Conservator Action Research and Education Inc.
- \*Consolidated-Bathurst Inc.
- \*Consulting Engineers of Alberta
- \*Consumers' Association of Canada (Manitoba)
- \*Consumers' Association of Canada (Yukon)
- Control Data Canada Ltd.  
Conzelmann, B.  
Cooper, Lawrence O.
- \*Co-op Union of Canada and the Canadian Co-op Credit Society
- Co-operative Housing Foundation of Canada
- \*Co-operative Trust Company of Canada
- \*Cormie, Donald  
Corner Brook Chamber of Commerce
- \*Corporation des artisans de Québec
- \*Council for Yukon Indians
- \*Council of Forest Industries of British Columbia
- \*Council of National Ethnocultural Organizations of Canada  
Council of the City of Winnipeg  
Counterpoint Waterfront Community Development Corporation  
Cowan, D.G.
- \*Cowan, Keith  
Cowie, Wilbur Elliot  
Cox, Daniel Jack  
Cran, Emily Elizabeth
- \*Credit Union Central  
Creelman Hill, Cynthia  
Crispo, John  
Croft, John G.
- \*Crossroads Resource Group
- \*Crowntek Inc.  
Crysler, John
- \*Cunningham, Ruth
- \*Curtis, B.E.
- \*Dakota Ojibway Tribal Council  
Daly Gordon Securities
- \*Daly, Donald J.
- \*Dansereau, Pierre  
Darcel, Colin
- \*Dartmouth Chamber of Commerce  
Davidson, Jim  
Davis, Edgar H.
- \*Davis, The Honourable Jack, M.L.A.  
Daybreak Non-Profit Shelter Corp.  
De Boer, John
- \*de Fayer, T.L.  
de Lasala, Jennifer
- \*Decima Research Limited
- \*Decore, Laurence, Mayor of Edmonton  
Demers, Téléphore
- \*Dene Nation of the Northwest Territories  
Dennison, Bill  
DeYoe, Donald A.
- \*Dhensaw, Robert  
Diamant Knitting Mills Limited  
DiCastri, Daphne
- \*Didier, René
- \*Diplômés de l'Université de Montréal
- \*District of Chilliwack
- \*District of Lynn Lake
- \*District of Mackenzie
- \*Dixon, Gordon F.
- \*Dobell, A.R.  
Dolling, G.
- \*Dome Petroleum Limited
- \*Dominion Marine Association and the Canadian Shipowners Association
- \*Dominion Textile Inc.  
Doré, Charles
- \*Dow Chemical Canada Inc.  
Doyle, J. Donald  
Dragon, Jean-Jacques  
Dubé, Francine
- \*Dunn, P.  
Dworik, Andrew S.
- \*Dyer, John  
Dysart, Shirley, M.L.A.
- \*Dyson, William
- \*Ecology Action Centre
- \*Economic Council of Canada
- \*Economic Development Advocacy Committee, County of Strathcona No. 20
- \*Economic Development Commission of the Cariboo Regional District  
Elce, Ivan
- \*Electrical and Electronic Manufacturers Association of Canada  
Elliott, Jim
- \*Emberley, Kenneth
- \*Empey, William F.
- \*Employers' Council of British Columbia  
Engineer, Homi M.  
Enright, John A.  
Environment Canada
- \*Erola, The Honourable Judy, Status of Women and Consumer and Corporate Affairs
- \*Faculty Association of St. Thomas University  
Fair, John E.
- \*Fairweather, Gordon
- \*Falconbridge Limited
- \*Family Farm Foundation of Canada
- \*Family Service Association of Metropolitan Toronto  
Family Service Bureau of Regina  
Federal Superannuates National Association
- \*Federated Anti-Poverty Groups of British Columbia
- \*Federated Co-operatives Limited
- \*Fédération de l'Union des producteurs agricoles de la Beauce
- \*Fédération de l'Union des producteurs agricoles du Saguenay-Lac-St-Jean
- \*Fédération des caisses populaires  
Desjardins du Saguenay-Lac-St-Jean  
Fédération des femmes canadiennes-françaises
- \*Fédération des femmes du Québec
- \*Fédération des franco-colombiens
- \*Fédération des francophones hors Québec inc.
- \*Fédération des syndicats du secteur aluminium inc.
- \*Federation of Canadian Municipalities
- \*Federation of Community Development Corporations of Canada
- \*Federation of New Brunswick Faculty Associations  
Federation of Nova Scotian Heritage
- \*Federation of Saskatchewan Indian Nations  
Federation of Sikh Societies of Canada  
Fédération québécoise anti-pauvreté inc.
- \*Fedorick, Joy  
Fell, R. Bruce  
Fenech, V.  
Film Factory Ltd.
- \*First United Church  
Firth, C.B.
- \*Fisheries Council of Canada  
Fishermen's Survival Coalition  
Fleck Bros. Limited  
Fleming, Blake C.
- \*Ford, J. Wm.
- \*Formula Growth Limited  
Fors, P.B.  
Fortune, John  
Foster, W.E.
- \*Fox, The Honourable Francis  
Franklin, John N.
- \*Fraser Institute
- \*Fredericton Chamber of Commerce
- \*Frobisher Inn
- Gagnon, Jean
- \*Gallagher, Jack P.  
Galley, Ann
- \*Gamma Institute  
Garde-Hansen, H.
- \*Garneau, Raymond  
Gatenby, R.
- \*Gaz Inter-Cité Québec Inc.
- \*Geery, Harold
- \*Genstar Corporation  
George Weston Limited
- \*Gibson, Gordon and Peter McCormick  
Girard, Georgette  
Goering, J.W.L.
- \*Goldberg, Michael A.
- \*Goldsack, Douglas  
Gomero, Orlando
- \*Gomes, Mary Jane and Emil Kolompar
- \*Gonick, Cy  
Gorling, G.
- \*Gorman, Ryan M. and Peter R.
- \*Government of Alberta
- \*Government of Manitoba
- \*Government of New Brunswick
- \*Government of Newfoundland and Labrador
- Government of Nova Scotia
- \*Government of Ontario
- \*Government of Prince Edward Island
- \*Government of Quebec
- \*Government of Saskatchewan
- \*Government of the Northwest Territories
- \*Government of Yukon
- \*Grace, Norman
- \*Grand Council of the Crees (of Quebec)
- \*Grassby, James
- \*Gray, James K.  
Great Lakes Forest Products Limited
- \*Greater Charlottetown Area Chamber of Commerce
- \*Greater Summerside Chamber of Commerce
- \*Greater Victoria Chamber of Commerce
- \*Green Party of Ontario
- \*Grocery Products Manufacturers of Canada  
Grolle, E. Hendrick
- \*Groupe d'action pour l'avenir technologique et industriel de la région de Québec  
Gue, Frank S.  
Gulf Canada Limited  
H.C.A. Development Consultants
- \*H.N. Halvorson Consultants Ltd.
- \*Habitation Populaire de Québec Inc.  
Haji, G.
- \*Halifax Board of Trade
- \*Halifax County Municipality  
Halina, J.W.  
Halo, Julius
- \*Hamill, Louis
- \*Hamilton and District Labour Council  
Hancox, Kenrick G.
- \*Hargrave, Bert, M.P.
- \*Hattersley, J. Martin
- \*Hawker Siddeley Canada Inc.
- \*Hay Associates Canada Limited  
Haydu, Stephen C.  
Hayos, Vera M.  
Heading, Roddy
- \*Health Coalition of Nova Scotia
- \*Heap, Dan, M.P.  
Help the Aged  
Henderson, Ian
- \*Heritage Canada Foundation  
Heritage Ottawa  
Heritage Winnipeg  
Herzstein, Robert  
Higgins, Brian  
Hildebrand, John L.
- \*Hill, John
- \*Hill, Stuart B.

Hills, Keith  
 Hitchins, D.H.  
 Hoinkes, Robert H.  
 \*Holland College  
 \*Holman, Lucy  
 \*Honeywell Limited  
 Hope-Simpson, Peggy  
 Hopkins, Leonard D., M.P.  
 Hopperton, Hugh E.  
 \*Housing and Urban Development  
 Association of Canada  
 Hughes, C.D.  
 \*Hum, Derek  
 \*Human Resources Development Association  
 Hunaus, F.  
 Hutcheon, A.D.  
 Ilett, James  
 \*Immigrant and Multicultural Services Society  
 \*INCO Limited (Sudbury)  
 \*INCO Limited (Thompson)  
 Income Maintenance for the Handicapped  
 Coordinating Group  
 \*Industrial Cape Breton Board of Trade  
 \*Infonorth Computing Inc.  
 Inniss, Scott  
 Innu Group  
 \*Institute for Environmental Studies  
 \*Institute of Donations and Public Affairs  
 Research  
 \*International Association of Machinists and  
 Aerospace Workers  
 \*International Union, United Automobile,  
 Aerospace and Agricultural Implement  
 Workers of America  
 \*International Union of Operating Engineers,  
 Local 115  
 \*International Woodworkers of America  
 \*Interprovincial Steel and Pipe Corp. Ltd.  
 \*Inuit Circumpolar Conference  
 \*Inuit Tapirisat of Canada  
 \*Inuvik Dene Band  
 J.H. Stacey Professional Research and  
 Information Services  
 \*James Bay Tribal Council of the  
 Nishnawbe-Aski Nation  
 Janssen, W.P.  
 \*Jean, Michèle  
 \*Jewett, G.A.  
 \*Jim Lotz Associates  
 Johnson, Brian A.  
 \*Johnson, Eunadie  
 \*Johnson, Martine, Mayor of Frobisher Bay  
 \*Johnston, The Honourable Donald  
 \*Jones, Howard  
 \*Jorgenson, Dianne E.  
 Julian, Henry  
 \*Jurdant, Michel and Barbara Tessier  
 \*Kablalik, Henry  
 Kagawa, Dean  
 Kaiser, K.  
 Kantor, Mark G.  
 Kastner, Arnold  
 Kavana, James  
 \*Keewatin Chamber of Commerce  
 \*Keewatin Inuit Association  
 \*Keewatin Regional Council  
 Kekuli Audio Visual Society  
 Kennedy, Terrence  
 Kent, William  
 \*Khachatourians, George G.  
 \*Kierans, Thomas W.  
 \*King, Gordon  
 Kirkman, Fred  
 Kitchener Chamber of Commerce  
 \*Kitikmeot Inuit Association  
 Klasen, Olaf  
 Korey, George  
 \*Kristjanson, Leo F.

\*Kungl, Willy  
 Kurland Development Corporation  
 \*Labour Council of Metropolitan Toronto  
 Ladell, B.W.  
 \*Lakehead Social Planning Council  
 Lambton County Board of Education  
 \*Lamontagne, Lorne and Alex Murchie  
 \*Langelier, Denis  
 Larson, L.A.  
 \*Latimer, Rod R.  
 Laubach Literacy of Canada  
 Laubach Literacy of Canada - Ontario  
 \*Laurentian Group  
 \*Lavoie, Jean-Claude, Mayor of Shipshaw  
 Le Groupe Desgagnés inc.  
 LeBlanc, Ronald C.  
 Lehner, Joseph V.  
 LeMay, M. Martial  
 \*Lemieux, Father  
 Lemire, Jean-Marc  
 Lempière, J.V.  
 \*LePage, Paul  
 \*Lethbridge Chamber of Commerce  
 \*Lethbridge Interagency Committee  
 \*Lethbridge Research Station  
 Lewis, L.A.  
 \*Liberal Party of Manitoba  
 Lingman, Bob  
 Little, Thomas B.  
 \*Local Exchange Trading System  
 \*London Life Insurance Company  
 Lone Rock Resources Ltd.  
 \*Loomis, Reg D.  
 \*Low, Ken  
 \*Lowry, Peter J.  
 Lubbock, Michael R.  
 Luttervelt, Douglas H.  
 Maass, G.  
 Macaree, David  
 MacBain, Al, M.P.  
 \*Machinery and Equipment Manufacturers  
 Association of Canada  
 Macintosh, Norman B. and John Coleman  
 MacIsaac, Ronald F.  
 Mackie, James F.  
 MacKinnon, Frank  
 \*MacKinnon, Fred  
 \*MacLaren, G.W.  
 \*Maclean Hunter Limited  
 \*MacLean, Vincent J., M.L.A.  
 MacMillan, Bruce  
 \*MacMillan, George S.  
 \*Maine, Frank  
 \*Mainland Dairymen's Association  
 Maire, André  
 \*Makivik Corporation  
 Malcolmson, Kim  
 \*Management Council for Responsible  
 Employee Relations  
 Mangalam, Mr. and Mrs.  
 Manitoba Action Committee on the Status  
 of Women  
 \*Manitoba Advisory Council on the Status of  
 Women  
 \*Manitoba Anti-Poverty Organization Inc.  
 Manitoba Association for Children and  
 Adults with Learning Disabilities  
 \*Manitoba Association of Urban Municipalities  
 \*Manitoba Federation of Labour  
 \*Manitoba Government Employees' Association  
 \*Manitoba Keewatinowi Okimakanak Inc.  
 Mardon, D.J. and G.N. Ionides  
 \*Marine Workers' Federation  
 Maritime Co. Ltd.  
 \*Maritime Electric Company Limited  
 \*Maritime Lumber Bureau  
 \*Maritime Telegraph and Telephone Company  
 Limited

Matejko, Alexander J.  
 Mathes, A.F.  
 Maynard, Murray R.  
 McAllister, Kenneth  
 McClusky, John B.  
 McDonald, Neil  
 \*McGill University  
 McMaster University  
 McRuer, John D.  
 McWilliam, Shirlee  
 Meincke, Peter  
 \*Mellany, David  
 \*Memorial University of Newfoundland,  
 Faculty of Business Administration  
 \*Mennonite Central Committee Canada  
 Mensah, Spero  
 Mental Health Association in Saskatchewan  
 \*Métallurgie Frontenac Ltée  
 \*Métis Association of the Northwest  
 Territories  
 Métivier, Gilles  
 Meyer, Jack L.  
 Michael Doyle & Associates Limited  
 Michael Jarvis Consultants Limited  
 \*Michael, Cliff, M.L.A.  
 \*Midas Reform Movement of Alberta  
 \*Miller, Bernard F.  
 \*Mineault, Guy  
 \*Mining Association of British Columbia  
 \*Mining Association of Canada  
 Minto Family Life Education Centre Inc.  
 Miramichi Region Development Corporation  
 Inc.  
 Mitchell, Ian H.  
 Mobilisation contre la misère  
 \*Moncton Volunteer Centre  
 Monenco Limited  
 Montgomery, James L.M.  
 \*Montreal Economic Promotion Committee  
 Morison, George  
 \*Morley, Joseph A.  
 Moss, Lawson Co. Limited  
 \*Motor Vehicle Manufacturers' Association  
 \*Mount Saint Vincent University  
 Mowers, Cleo W.  
 \*Mundell, Robert A.  
 \*Municipality of Metropolitan Toronto  
 Municipality of the District of Lunenburg  
 Munro, The Honourable John C., Indian and  
 Northern Affairs  
 \*Murphy, Rod, M.P.  
 Murray, G. Betty  
 \*Murray, R.V.  
 Nance, Phillip and Krista  
 Nashwaak Consulting  
 \*Nasogaluak, William and Doug Billingsley  
 \*National Action Committee on the Status of  
 Women  
 National Council of Welfare  
 \*National Council of Women of Canada  
 \*National Council of YMCAs of Canada  
 \*National Farmers Union  
 \*National Farmers Union (P.E.I.)  
 \*National Pensioners and Senior Citizens  
 Federation  
 \*National Research Council of Canada  
 \*National Spiritual Assembly of the  
 Baha'is of Canada  
 \*National Union of Provincial Government  
 Employees  
 \*Native Canadian Petroleum Association and  
 Canada Geothermal Oil Ltd.  
 \*Native Communications Inc.  
 \*Natural Sciences and Engineering Research  
 Council of Canada  
 Nazaire, Lionel  
 \*Neary, Stephen A., M.L.A.  
 Nevison, Myrne





- \*New Brunswick Advisory Council on the Status of Women
- \*New Brunswick Association of Métis and Non-Status Indians
- \*New Brunswick Federation of Labour
- \*New Brunswick Liberal Party
- \*New Brunswick New Democratic Party
- \*New Brunswick Premier's Council on the Status of Disabled Persons
- \*New Brunswick Public Employees Association
- \*New Brunswick Telephone Company Limited
- \*New Brunswick Young Liberal Association
- \*New Dawn Enterprises Ltd.
- \*Newfoundland and Labrador Arts Council
- \*Newfoundland and Labrador Federation of Labour
- \*Newfoundland and Labrador Federation of Municipalities
- \*Newfoundland and Labrador Human Rights Association
- \*Newfoundland and Labrador Youth Advisory Council
- \*Newfoundland Association of Social Workers
- \*Newfoundland Light and Power Co. Limited
- Nicholls, A.L.
- Nicholson, G. Paul
- Nicolaou, Anthony D.
- \*Nishnawbe-Aski Nation
- \*Non-Organized Workers of Thunder Bay
- \*Nordair
- \*Nordicity Group Ltd.
- \*Norman Regional Development Inc.
- Norrie, G.C.
- North Shore Citizens Committee for Responsible Forest Management
- \*North-South Institute
- \*Northeastern Ontario Energy Conservation Association
- \*Northern Canada Power Commission
- \*Northern Development Council of British Columbia
- \*Northern Flood Committee
- \*Northern Ontario District Council of Lumber and Sawmill Workers Union
- \*Northern Telecom Limited
- \*Northwest Territories Association of Municipalities
- \*Northwest Territories Chamber of Mines
- \*Northwest Territories Friendship Centres
- \*Northwest Territories Motor Transport Association
- \*Northwest Territories Public Service
- \*Northwest Territories Registered Nurses Association
- \*Northwest Territories Teachers' Association (Inuvik)
- \*Northwest Territories Teachers' Association (Yellowknife)
- \*Northwestern Ontario Municipal Association
- \*Northwestern Ontario Women's Centre
- Nova Scotia Advisory Council on the Status of Women
- Nova Scotia Farmers' Union
- \*Nova Scotia Federation of Labour
- \*Nova Scotia New Democratic Party
- \*Nova Scotia Nurses' Union
- \*Nova Scotia Teachers' Union
- \*NOVATRON
- \*Nunavut Constitutional Forum
- \*Nuu-Chah-Nulth Tribal Council
- O'Brien, Chris
- O'Brien, Terry
- \*Oberlander, H. Peter
- Oberle, Frank, M.P.
- Oberti, Oberto
- \*Ocean Harvesters Limited
- \*Office de la pastorale sociale du Diocèse de Québec
- Ogden, Michael
- Oliver, J.W.
- Olshanoski, Stan
- Ontario Association of Family Service Agencies
- \*Ontario Business Improvement Area Association
- Ontario Committee on the Status of Women
- \*Ontario Confederation of University Faculty Associations
- \*Ontario Federation of Agriculture
- \*Ontario Federation of Students
- \*Ontario Institute of Agrologists
- \*Ontario Public Service Employees Union
- \*Ontario Secondary School Teachers' Federation
- Ontario Teachers' Federation
- \*Operation Solidarity
- Ophek, Eli
- \*Ordre des comptables agréés du Québec
- \*Ordre des ingénieurs du Québec
- Osborne, John E.
- Ottawa Symphony Orchestra
- \*Ottawa-Carleton Board of Trade
- Otto, Carl H.
- \*Ouellet, The Honourable André
- Overs, John E.
- Oxley, F.O.
- \*Pacific Group for Policy Alternatives
- Palliser Wheat Growers Association
- \*Palmer, James S.
- \*Panarctic Oils Ltd.
- \*Paradigm Health
- Parliament, H.E.
- Parti libéral du Québec
- Paterson, Ross H.
- \*Paul, Ross H.
- \*Paus-Jenssen, A.
- Payne, Fern G.
- Payne, G.
- \*Pearson, Brian
- Peeters, Martin
- \*Peitchinis, Stephen G.
- \*Pelletier, Lionel
- Percival, Alan Hardy
- \*Percy, Michael
- Perel, Motty
- Perley, Daniel R.
- \*Perrault, Charles
- \*Peters, Abe
- Peters, H.
- \*Petro-Canada
- \*Pétromont Inc.
- Pettick, Joseph
- \*Pictou County Research and Development Commission
- Piper, T.C.
- \*Pitfield, Senator P.M.
- \*Placer Development Limited
- Planetary Initiative for the World We Choose
- Podhy, Pauline
- Polyvalente "Le Boisé", Atelier de culture
- \*Pomerleau, Hervé
- Ponderosa Park Development Co. Ltd.
- Porter, Stephen
- Pousette, John
- \*Prairie Implement Manufacturers Association
- \*Pratt & Whitney Canada Inc.
- Presber, T.C.
- \*Prince Edward Island Advisory Council on the Status of Women
- \*Prince Edward Island Egg Commodity Marketing Board
- \*Prince Edward Island Federation of Agriculture
- \*Prince Edward Island Potato Marketing Board
- \*Prince George and District Labour Council
- \*Prince George and District Senior Citizens Activity Centre
- \*Prince George and District United Way
- \*Prince George Chamber of Commerce
- Prince George Community Arts Council
- \*Prince George Region Development Corporation
- \*Procycle Inc.
- \*Professional Institute of the Public Service of Canada
- \*Prospectors and Developers Association
- \*Provincial Advisory Council on the Status of Women (Newfoundland and Labrador)
- \*Public Interest Advocacy Centre
- Pugsley, William H.
- Puziak, M.D.
- \*Quebec Federation of Labour
- \*Quebec Federation of Senior Citizens
- Quittner, J.K.
- Ray, A.K.
- \*Ray, Gordon
- Raycroft, J.G.
- \*Raynauld, André
- Récupération Bois-Francis Inc.
- Reese, Peter J.
- \*Regional Municipality of Sudbury
- \*Regional Municipality of York
- \*Registered Nurses' Association of British Columbia
- Reid, James F.
- \*Rémillard, Gil
- Rental Housing Council of British Columbia
- \*Réseau d'action et d'information pour les femmes
- \*Retail Council of Canada
- \*Retail Council of Canada (Winnipeg)
- Richard, J.G.
- \*Ricks, James, and Frances A.
- Riddell, C.H.
- \*Roberts, Stan C.
- Robertson, Alec
- \*Robertson, Gordon
- Robson, C.A.
- Roussel, Claude
- Rowan, William O.
- \*Roy, Fabien
- Roy, Réal
- Rudnyckyj, J.B.
- Rumball, Donald A.
- Rupert, Gary B.
- \*Rural Learning Association
- \*Salonius, P.O.
- Saltsman, Max
- \*Sarasin, André C.
- Sarnia/Lambton Economic Development Commission
- \*Saskatchewan Action Committee on the Status of Women
- \*Saskatchewan Chamber of Commerce
- Saskatchewan Co-ordinating Council on Social Planning
- \*Saskatchewan Council for International Co-operation
- \*Saskatchewan Environmental Society
- \*Saskatchewan Federation of Agriculture
- \*Saskatchewan Federation of Labour
- \*Saskatchewan Mining Association Inc.
- \*Saskatchewan Teachers' Federation
- \*Saskatchewan Urban Municipalities Association
- \*Saskatchewan Working Women
- \*Saskatoon Board of Trade
- \*Saskatoon Union of Unemployed Workers
- Schey, John A.
- School of Economic Science
- \*Science Council of Canada
- \*Scott, Anthony
- Scott, Donald P.
- Scott, James A.
- Scott, Paul
- Scott, Stephen
- Seaboard Lumber Sales Company Limited

- \*Seafarers' International Union of Canada
- \*Sebella, Carol John
- \*Seeley, Larry E.
- \*Semotiuk, Andriy J.  
Settle, Winston
- \*Séigny, Roseline and Noëlla Porter
- Shargool, Peter D.
- Shaska, Gus
- Shaw, N.
- Shelford, Cyril M.
- Shepard, Merrill W.
- Sheps, Lillian
- Shields, R. and W. Sheridan
- Shields, William S.
- Shiell, Maisie
- \*Shoe Manufacturers' Association of Canada
- Shumuk, Ivan
- \*Sierra Club of Western Canada
- \*Simek, Stefan
- Simmons, Helen
- Simpson, C.H.
- \*SLACAN
- \*Smith International Canada Ltd.
- \*Smith, Arthur
- Smits, Nel
- Smyth, Steven
- \*SNC Group
- \*Snyder, Harold L.
- \*Sobolewski, André
- \*Social Action Commission, Roman Catholic  
Diocese of Charlottetown
- \*Social Planning and Research Council of  
Hamilton and District
- \*Social Planning and Review Council of  
British Columbia
- \*Social Planning Council of Metropolitan  
Toronto
- \*Social Planning Council of Ottawa-Carleton
- \*Social Planning Council of Winnipeg
- \*Société de développement de Jonquière inc.
- \*Société de recherche sur la faillite Sagamie
- \*Société inter-port de Québec
- \*Société Saint-Thomas d'Aquin
- Society of Atomic Energy Canada Ltd.  
Professional Employees, Pinawa
- Society of Atomic Energy Canada Ltd.  
Professional Employees, Executive,  
Chalk River
- \*Society of Management Accountants of  
Canada
- \*Software Industry Development Association
- \*Sommet Québécois de la jeunesse
- \*Sorensen, Lynda, M.L.A.
- Sorrenti, Adam M.
- \*South Grenville District High School,  
Students of Grade 13 Geography
- Southern Kings and Queens Community  
Advisory Board
- \*Southern, R.D.  
Spangehl, Ed.
- \*St. Clair College
- St. Francis Xavier University
- \*St. John Board of Trade
- \*St. John's Board of Trade
- \*St. Patrick's Social Justice Committee
- \*Standards Council of Canada
- \*Staples, Richard
- \*Status of Women Action Group (Victoria)
- \*Status of Women Council (Yukon)  
Steering Committee for Implementing the  
Ecosystem Approach
- \*Stein, Carol
- Stewart, Ross and Evaleen Jaager
- Steyaert, Octaaf
- \*STOP Inc.
- \*Storefront for Voluntary Agencies
- \*Sub Committee on Youth Unemployment
- \*Sudbury 2001
- \*Sudbury Federal New Democratic Party
- \*Swanson, M.L.
- \*Sydney Steel Corporation  
Syed, Javed
- \*Symes, Beth and Marilou McPhedran  
Syndicat des producteurs de bois de  
la Beauce
- \*Syndicat des travailleurs de la Société  
Asbestos Ltée Inc.
- \*TVOntario
- Tallman, F.R.J.
- \*Task Force on Micro-Electronics and  
Employment  
Taylor, A.  
Taylor, D. Angus
- \*Technical University of Nova Scotia  
Teconomics Limited  
Thakur, Hari K.
- Therriault, Clément Guy
- 3rd Dimensions and Associates Ltd.
- Thomas, Morley
- \*Thompson Chamber of Commerce
- \*Thompson Industrial Commission
- \*Thompson, Brian
- Thompson, Fred G.
- Thompson, Kirk
- \*Thunder Bay and District Council of Clergy
- \*Thunder Bay and District Labour Council
- \*Thunder Bay Economic Development  
Corporation
- \*Thunder Bay Indian Youth Friendship Society
- \*Thunder Bay Multicultural Association  
Toolsie, Rampersand
- \*Toppin, Don
- \*Toronto Board of Education
- \*Tourism Industry Association of Canada  
(Montreal)
- \*Tourism Industry Association of Canada  
(Ottawa)  
Town of Oromocto  
Town of Prescott  
Town of Swan River
- \*Transalta Utilities Corporation
- \*Travel Industry Association of the Northwest  
Territories
- \*Tremblay, Pierre
- \*Trent University
- Trust Companies Association of Canada
- Twigg, John
- \*Ubriaco, Rita
- \*Ultramar Canada Inc.
- \*Unemployment Committee of Regina
- \*Union des Municipalités du Québec  
Union of Ontario Indians
- \*United Church of Canada, Working Unit on  
Social Issues and Justice
- \*United Grain Growers Limited
- \*United Mine Workers of America, District 18
- \*United Mine Workers of America, District 26
- \*United Native Nations
- \*United Steelworkers of America
- \*United Steelworkers of America, Local 1064
- \*United Steelworkers of America, Local 6166
- United Steelworkers of America, Local 6500
- \*United Steelworkers of America, Whitehorse
- \*United Way Canada
- \*United Way of Central Quebec
- \*United Way of Fredericton
- \*United Way of Greater Toronto
- \*United Way of Montreal
- United Way of Ottawa-Carleton
- \*United Way of Quebec
- United Way of the Lower Mainland
- \*United Way of Thompson
- \*United Way of Winnipeg
- \*University College of Cape Breton
- \*University of British Columbia, Centre for  
Continuing Education
- \*University of Calgary Faculty Association
- \*University of Lethbridge
- \*University of Manitoba, Faculty of Agriculture
- \*University of Regina  
University of Regina Faculty Association
- \*University of Saskatchewan, MBA Students,  
College of Graduate Studies
- \*University of Waterloo
- \*University of Windsor
- \*University of Windsor, International Business  
Studies Research Unit
- University of Winnipeg Working Group
- \*Urban Development Institute Canada
- \*Urban Transportation Development Corpora-  
tion Ltd.  
Ursel, Norman H.
- \*Valcin, Yvon
- Van Leeuwen, Bert
- \*Van Roggen, Senator George
- \*Vancouver Board of Trade
- \*Vancouver Island Building and Construction  
Trades Council
- \*Vancouver Unemployed Action Centre
- \*Vancouver Women in Trades Association
- \*Vanier Institute of the Family
- \*Via Rail Canada Inc.
- \*Victoria Labour Council  
Vincent, Kimbell R.
- \*Voluntary Planning Board  
Volunteer Centre of Calgary  
Vosper, Velma
- \*Wahn, J.D.
- \*Walker, Graham
- Wallace, James
- Walsh, E.D.
- Ward, Neil
- Watson, John R.
- Wayman, Morris
- \*Weaver, Bill W.
- Webb, Geoff
- \*Webb, J. Tom
- \*Wells, Bill
- Weppler, Reuben
- Weser, Ernest J.
- \*Western Energy Investments Ltd.
- \*Western Stock Growers' Association
- \*Western Transportation Advisory Council
- \*Whelan, The Honourable Eugene  
White, Walter E.  
Whitehorse Chamber of Commerce
- Whitney, Joanne
- \*Whyte, John Donaldson
- Williams, Merlyn M.
- \*Williamson, Ian B.
- Willson, Bruce F.
- Willson, W. H.
- \*Wilson, L.R.
- \*Windsor and District Labour Council
- \*Windsor Chamber of Commerce
- \*Windsor Coalition for Development
- \*Windsor Women's Incentive Centre
- \*Windsor-Essex County Development  
Commission
- \*Winnipeg Chamber of Commerce
- \*Winnipeg Co-ordinating Committee for  
Disarmament
- \*Winnipeg Commodity Exchange
- \*Winnipeg Labour Council  
Wise, Dorothy
- \*Women Against the Budget
- \*Women and Economic Development  
Committee of the Northwestern Ontario  
Women's Decade Council
- \*Women United for a Non-Exploitive New Age
- \*Women Unlimited
- \*Women's Information and Referral Centre
- \*Women's Involvement Committee of Upper  
Trinity South

Women's Network Incorporated  
\*Woodbridge, Reed and Associates Ltd.  
Woods, Elizabeth  
\*Wyeth Ltd.  
Yorston, Wilfred  
\*Young Women's Christian Association  
of Calgary  
\*Young Women's Christian Association  
of Canada  
\*Young Women's Christian Association of  
Metropolitan Toronto  
Young Women's Christian Association  
of Thompson  
\*Young, David R.  
\*Yukon Chamber of Mines  
\*Yukon Teachers' Association  
\*Yukon Territorial Public Service Association  
\*Yukon Visitors Association  
Zimmermann, Hans G.

# Notes





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This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



# Notes



