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Report Highlights

*Royal Commission on the
Economic Union and
Development Prospects
for Canada*



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Chairman's Foreword

The Royal Commission on the Economic Union and Development Prospects for Canada was established in 1982 in the aftermath of one of the most turbulent periods of Canadian history. On the economic side, Canada was just emerging from the worst recession since the 1930s. But other countries, too, struggled as we did with those economic problems. In addition, however, we conducted intensive, often divisive, domestic debates over enormously complicated and difficult issues such as energy policy, our new Constitution and, especially, the question of whether Quebec would remain a part of Canada. In that setting, the central question that we Commissioners were asked to consider was: Can we not do better in the future? Our response to this question is a resounding "Yes!"

While we have indicated a number of directions in which we think it likely that the future will take us, including the increasingly competitive international environment and the prospects of more modest growth than the economy experienced in the golden age of the 1950s and 1960s, we have not attempted to predict the future in detail. The most productive policy prescription we can urge is that as individuals and through our institutions, Canadians maintain maximum flexibility in order to adapt to that change as it occurs.

Some aspects of change will be imposed upon us; others we shall seek to create ourselves as we move to meet the future. Ultimately, and most weightily, the burden of that change must be borne by individuals. To move from the usual, the accustomed, the habitual into the untried, the new, the innovative has always been, at least in part, a painful experience. Government institutions and policies can and should help to cushion the shock. For all that, it remains a shock. And it must be borne.

On the other hand, the rewards for Canada of changing outmoded patterns are enormous. We Canadians enjoy incomparable advantages, not only in the country we inhabit, but in the kind of society in which we live, and with the kind of institutions we have in place. By viewing change as an opportunity rather than a threat, by moving to meet or initiate it, by adopting a positive will to use it to our advantage, we can not only improve our circumstances at home, but we can also make a significant contribution to a world in which too many others still lack many of the advantages that we Canadians enjoy.

In the next few pages of this brochure, we are presenting a capsulized version of the Commission's three-volume Report, behind which lie 72 volumes of research. We hope that this brief summary will convey at least the essence of what we have concluded and recommended. At the very heart of our Report is a call to all Canadians to look outward to the opportunities and challenges in the world, to place greater reliance on market forces than on governments in matters of economic development, to renew the spirit of compassion and effectiveness that has marked the development of our social policies and to render the three institutional pillars of our state—responsible

parliamentary government, federalism and the Charter of Rights and Freedoms—more responsive and democratic. This is an agenda for many years to come. It will be controversial. It is urgent that we begin immediately.

DONALD S. MACDONALD
Chairman



The Mandate

The Royal Commission on the Economic Union and Development Prospects for Canada was created on November 5, 1982 to investigate and report on “the long-term economic potential, prospects and challenges facing the Canadian federation and its respective regions, as well as the implications that such prospects and challenges have for Canada’s economic affairs.”

The Commission’s inquiry involved extensive public consultation with representatives of business, labour, voluntary associations, individuals and governments at all levels. A research program covering economics, law and institutions complemented the consultations process.

Research studies are being made available in English through the University of Toronto Press and in French by the Canadian Government Publishing Centre. Transcripts of the briefs are available in the National Archives.



A New Perspective

State, Society and Economy

A fundamental realignment of the role of the state in broad areas of the nation's social, economic and political affairs is required in Canada today. It is important to redefine the links between government and society, to improve the quality of our performance in selected policy areas, and to reform those central institutions of Parliament and federalism that influence our collective capacity to manage our national and provincial political affairs as a democratic people.

A large and complex government role in many facets of society is inevitable and irreversible in this modern age. However, in selected areas, some disentanglement and simplification of the role of government in society and the economy is both desirable and feasible.

The extensive network of policies and programs involving the state in broad aspects of contemporary society results from a host of *ad hoc* decisions. Over a period of many years, these decisions have cumulatively produced unintended consequences.

This Commission proposes no single ideology to encompass answers to the many questions on the agenda. Nevertheless, the need to address the larger, interdependent contexts in which we live must be recognized. It is essential that the economic, social and political aspects

of our Canadian experience interact with one another and, more broadly, with the international environment. It may not be possible to describe that interdependence with precision. The attempt to understand it, however, and, in particular, its consequences for Canada's institutional arrangements, contributes a minimum intellectual coherence to the particulars of our public life.

It is not easy for political systems to learn from past experiments. Government is a pressure cooker, not a scientific laboratory; time to think is a scarce political commodity. The contribution of a Royal Commission, then, is largely an educational one. The Commission steps back from the political process, offers a different perspective, and suggests broad principles to guide future policy choices.

Global Outlook

After the maintenance of peace, the fundamental global priority should be a general increase in the well-being of all nations and peoples, and the urgent eradication of malnutrition and starvation.

The prospect of achieving a further increase in the well-being of humankind generally is at risk because of very significant challenges inherent in the physical, economic and political outlook for the world. The principal limits to growth are not physical, but political, social and institutional. International political will and organizations have not kept pace with growing interdependence.

Global interdependence will continue to increase, with the result that the domestic policies of individual nations generally will be deeply affected and, in some cases, dominated by global forces and the policies of larger countries. This interdependence demands that

decisions be based on long-term goals and be made in the broadest possible context.

Given the high degree of global uncertainty, it is important that Canadians understand both the privileged position we occupy on this planet and the human imperative this places on Canada to offer leadership in those areas of critical concern to the world where our nation has a capacity to provide it.

In recent years Canada has come to occupy a unique position in the world as a "principal power" motivated both by humanitarian concerns and self-interest as a nation that is highly exposed to global developments. Therefore, Canada should vigorously support reform of the United Nations, its specialized agencies, and other multilateral bodies, in order to develop international machinery capable of dealing with the problems and opportunities that lie ahead in a highly interdependent world.

Canada should:

- Advance to the international aid target of 0.7 per cent of GNP by 1990 and 1 per cent by 2000
- Encourage reform of global institutions better to respond to concerns of the developing countries
- Assist in the alleviation of the international debt crisis by avoiding protectionist measures that would aggravate the problems of debtor countries.



Opportunities in an Open World

Since Canada is one of very few industrial nations that does not enjoy guaranteed access to a market of 100 million or more people, the Canadian economy is increasingly vulnerable to a number of important challenges. These include the growing intensity of world competition, the rapidity of technological change, the division of the world into preferential regional trading blocs, and the growing threat of protectionism abroad, particularly in the United States, our major market.

In response to these factors, Canada should support further liberalization of world commerce over time and also undertake the early negotiation of a free-trade agreement with the United States. These measures will increase the efficiency and competitiveness of the Canadian economy and bolster the growth of output, incomes and employment in Canada.

A Canada-U.S. Free Trade Arrangement should be consistent with Article XXIV of the GATT. It should include the following elements:

- A reduction of trade barriers between the two countries that leaves each country free to maintain separate trading policies with other economic partners
- Principles regulating three general types of barriers:

- tariffs to be reduced to zero over 10 years
- measures of contingency protection to be shifted to a joint Canada-U.S. Trade Commission
- detailed Codes of Conduct to govern other non-tariff measures
- Specific safeguards to limit spill-over to policies not directly related to the agreement
- Negotiated exclusions or special arrangements for certain products or sectors such as services
- Commitment to a three-tiered Canada-U.S. intergovernmental institution to provide basic executive and administrative decisions, technical staff services, and adjudication of complaints and appeals.

To carry out the complex negotiations, an Office of the Special Trade Negotiator reporting directly to the Prime Minister might be required. The final legal arrangements would be implemented in Canada by federal and provincial legislation, and in the United States by treaty, if possible (otherwise by a fast-track Congressional procedure), to ensure conforming federal and state legislation.

Adjustment to the new Canada-U.S. free-trade measures would be facilitated by:

- Explicit recognition in the arrangement of the proportionately greater adjustment costs for Canada through provision of a longer adjustment period
- A new Transitional Adjustment Assistance Program (TAAP) to focus Canadian government efforts on assisting workers to adapt to new employment opportunities
- A reoriented industrial policy to promote the efficiency and competitiveness of the Canadian economy.



Growth and Employment

Industrial Policy

As part of the restructuring of industrial policy to bolster economic growth and development, Canada should adopt a strategy of global orientation and greater reliance on market forces. A reorientation of Canada's industrial policies is imperative if Canada is to avoid being out-performed by other industrialized countries or by newly industrializing nations.

Although a blueprint for industrial policy is impractical and inconsistent with the dynamics of a market economy, Canada should adopt a framework wherein diverse economic, social and external policies are complementary. The strategic objective should be to accelerate productivity growth and to strengthen Canada's competitive position.

The essential building blocks of a new Canadian industrial policy would include:

A Commitment to Freer Trade

As outlined in Part II, free trade with the United States would contribute powerfully to productivity improvements in Canada.

Promoting Stable Economic Growth

We must recognize the limited ability of government through monetary and fiscal policy to fine tune the economy. We should:

- Stress a long-term, stable, macro-economic environment
- Pursue policies such as gain sharing to encourage a more flexible wage/price system.

Strengthening Labour, Technology and Management

The basic inputs to the production process need renewal. To achieve this end, governments should:

- Encourage research and development (R&D) networking and broaden the definition of R&D for tax purposes
- Encourage entrepreneurship by facilitating small-business access to venture capital
- Reform the financing of post-secondary education and implement the Transitional Adjustment Assistance Program.

Tax Reform

This Commission sees tax reform as essential to improving the efficient allocation of resources. Further consideration should be given to:

- Shifting from the present personal tax system based on income to one based on consumption
- Removing the distortions in the corporate tax structure and indexing capital assets for inflation.

Streamlining the Regulatory Framework

A real effort is required to ease the regulatory burden. Governments, recognizing that competition is the essential regulator, should:

- Bring regulatory agencies under closer Parliamentary scrutiny
- Make greater use of “sunset clauses”.

Making Competition Conform to Regulatory and Trade Policy

Reform should be focused on those factors that inhibit entry by new competitors. With trade liberalization, competition policy should focus on those sectors not exposed to international competition. It should:

- Permit principals greater discretion to arrange mergers and conglomerates, subject to review by a quasi-judicial tribunal
- Require all large corporations and groups to file public statements of their operations to help monitor competition
- Enhance the role of the Director of Investigation of the Combines Investigation Act as a competition advocate within government.

Limiting the Growth of New Crown Corporations

While selling off existing Crown corporations is fashionable, the real challenge lies in checking their growth. Governments should therefore:

- Maintain or create new Crown corporations only where they would serve as an effective instrument of public policy
- Avoid using Crown corporations to achieve industry bail-outs and public dominance over sectors that could otherwise be competitive.

Relaxing Foreign Investment Screening

A more open policy would enhance Canada's access to technology and advanced management practices. This would include decisions to:

- Limit screening to acquisitions only and

raise the threshold for review to \$50 million in assets

- Shift review to a quasi-judicial tribunal
- Ensure that Canadian directors report annually in relation to a code of business conduct.

Maintaining Transportation and Communications Infrastructure

Government and the private sector should:

- Increase investment, reversing the declining share of government expenditures allocated to infrastructure over the past decade.

Focusing Adjustment Policies on Workers

A major new program is needed to assist workers to adapt to changing economic circumstances. It should offer:

- A \$4 billion Transitional Adjustment Assistance Program to assist workers rather than firms
- Assistance to firms, when appropriate, that is directed to the most promising.

Strengthening the Economic Union

Canadian governments should:

- Minimize barriers to the free flow of people, capital, and goods and services.

Stabilization

Having considered how best to improve Canada's productivity and competitive position through industrial and trade policy, the Commission addresses the broader stabilization issues of unemployment, inflation and growth. Action on three broad fronts is required to reduce the federal deficit significantly, contain inflation and reduce unemployment from the current level of more than 10 per cent to less than 5 per cent. The achievement of these aims requires:

- Adoption of a new mix of fiscal and monetary policies, accelerated government capital spending, and a temporary incomes policy to spur immediate economic growth, reduce the deficit, prevent a resurgence of cost and price increases, and lower unemployment by as much as two percentage points annually to bring it within the current "full-employment" range of 6.5 to 8 per cent by about 1988
- Development of increased flexibility in wage and price setting by encouraging gain sharing by management and labour, combined with a commitment to establish temporary incomes policy as required to curb inflation, and to reinforce the effectiveness of monetary and fiscal policies in managing the economy so as to avoid a repetition of the severe recession of the early 1980s
- Implementation of wide-ranging changes in Canada's industrial, labour-market, economic adjustment, unemployment-insurance, social assistance, trade, training and post-secondary education policies in order to reduce unemployment deriving from structural and frictional causes from

the current 6.5 to 8 per cent range to less than 5 per cent.

The proposed program is based on the following considerations:

- The government, through its use of monetary and fiscal policy, has much less ability to regulate the economy in the short term than most Canadians now believe, or than economists have suggested in the past.
- To increase the flexibility of wages and prices in response to changing economic circumstances could significantly improve the capacity of the economy to maintain the growth of output and employment close to the level that is sustainable without creating inflationary pressures.
- Under the present structure of the economy, the lowest level of unemployment that could be sustained for any extended period of time without generating renewed inflationary pressures is about 6.5 to 8 per cent. This level is technically designated as the “non-accelerating inflation rate of unemployment” or NAIRU. Both the current high level of unemployment in relation to NAIRU and the present level of NAIRU are unacceptable.
- To reduce NAIRU to under 5 per cent will require major structural changes in our economic and social policies and a demonstration of political will by all major groups in society, as well as by individuals.

Short-Term Measures

In the short term, the government should:

- Reduce the national deficit by \$10 billion as of 1990-91 through expenditure reductions and tax increases, possibly by partially reducing indexing of personal income-tax exemptions and of some transfer payments
- Temporarily ease its monetary policy
- Accelerate federal/provincial/municipal capital-spending programs
- Implement temporary incomes policy.

Longer Term Measures

In the longer term, the government should:

- Orient monetary and fiscal policies towards a stable, non-inflationary, growth path
- Introduce tax incentives to encourage labour and management to adopt a system of remuneration based, in part, on gain sharing
- Be ready to adopt a temporary incomes policy from time to time, if required, to contain inflation
- Maintain a flexible exchange-rate policy.

Structural Measures

The government should undertake:

- Significant changes in programs and policies relating to unemployment insurance, social assistance, the labour market, worker training and post-secondary education
- A new Transitional Adjustment Assistance Program of some \$4 billion
- A market-oriented industrial policy and a liberalized trade arrangement with the United States.



PART IV

Natural Resources and Environment

Recent developments in both the domestic and international economies signal a change in the role of Canada's resource sectors. To the extent that we Canadians continue to rely on resources as an important engine of growth in the economy, we shall have to ground that reliance in greater responsibility: we can no longer take the natural resources industries for granted.

This Commission recommends the establishment of a Council of Resources Ministers to provide leadership and to encourage federal/provincial co-operation. An integrated view which encompasses all resource sectors is a matter of high priority in light of the changing role of resources in Canada's economic prospects.

On a sector-by-sector basis, the thrust of this Commission's detailed recommendations is as follows:

- For agriculture, a range of measures—from expansion of foreign markets, to increased R&D, to reform of national supply-management marketing boards—intended to enhance the efficiency of a sector that has good prospects over the long term.
- For forestry, because of a legacy of mismanagement, significant changes in the forest sector's methods of operation, as well

as a major infusion of public and private investment in reforestation and forest-protection measures.

- For the fishery, what has been lacking is political will; the remedy lies in measures to build on the reforms of the Kirby and Pearse Reports, to shift the balance in public policy toward building a viable economic base in Canada's coastal regions.
- For minerals, the possibilities are more limited in some areas because of changing world circumstances. There is need for a more realistic approach to adjustment and movement towards a profit-based tax system.
- For energy, a new framework based on the principles of efficiency, fairness and predictability, and an overhaul of the fiscal regime for oil and gas.

Canada's natural resources and the environment have been the source of much that makes us Canadian. We have a responsibility to pass this heritage on substantially intact to future generations. We therefore recommend that:

- Because of the growing challenge of environmental preservation and the need to integrate decisions about the environment and economic development, a series of measures be taken to adjust incentives aimed at protecting the environment and generally strengthening the regulatory framework.



Human Resources and Social Support

Canadians will face major economic changes in the coming decades. It is essential that the nearly \$100 billion we spend annually on health, social and educational programs help us to adjust to these changes and provide support for those Canadians who need help. Improvement, not reductions, should be the essential characteristic of our approach in these policy fields.

At the centre of this Commission's proposals are two major sets of changes: the Universal Income Security Program (UISP) and the Transitional Adjustment Assistance Program (TAAP), together with major reform of the present unemployment-insurance system.

The combination of these program changes would re-orient our social programs to provide greater support to those who need it most. It would eliminate the work disincentives built into several current programs; and it would replace incentives to stay in poorly paid jobs in inefficient industries. We urge very strong support for Canadians who will need to relocate or find new lines of work because of the extensive economic changes on the horizon.

Universal Income Security Program

UISP is an income-supplementation program that would replace a number of existing

transfer and tax measures that provide assistance to a broad range of Canadians. It is intended, in particular, to provide a significant measure of support to Canada's more than 1 million "working poor" families who have some income, but are unable to earn enough from employment to supply their basic needs. Our proposals, if implemented, would do much to reduce poverty. The UISP would:

- Guarantee a basic annual payment of \$2750 for all adults under 65 and for the first child of single-parent families, and \$750 for other children
- Increase the basic payment for Canadians over 65 in order to raise the incomes of those who have no other resources to at least current levels of support
- Make monthly payments which would be reduced by \$20 for every \$100 of income from other sources
- Guarantee a family of four an annual payment of \$7000 if it had no other income, a \$3500 supplement if its annual income was \$17 500, and provide no support for those with incomes above \$35 000
- With provincial top-ups, provide a very low-income family with two children with an annual income of \$13 000
- Replace Family Allowances, Child Tax Credits, the Guaranteed Income Supplement, federal housing programs, the federal share of social assistance payments, and the married and child exemptions presently allowed in the income-tax system. Under a second option, it might also replace the personal tax exemption.
- Make possible the provision of more generous benefits as circumstances warrant.

Improving Canada's Labour-Market Policies

Unemployment Insurance

The incentives created by the current UI scheme have become distorted, and the cost of the system (\$11 billion in 1984) is excessive in relation to other labour-market programs. Streamlining is required to:

- Cut benefit levels by one-sixth and eliminate the regional benefit structure
- Increase to two or three weeks the qualification period for each week of UI payments and implement "experience rating" by which UI premiums would be related to the risk of unemployment.

TAAP

Measures to encourage adjustment are currently underemphasized and underfunded. The proposed TAAP would:

- Channel the \$4 billion annual saving from UI into TAAP
- In certain circumstances, provide up to \$26 700 to workers whose jobs have permanently disappeared
- Provide programs that would include:
 - Training and support for Canadians moving to new job openings
 - Early-retirement benefits
 - Compensation for loss in the value of homes in declining one-industry towns
 - Help for workers who wish to purchase viable plants which would otherwise close.

The UI and TAAP program changes as well as the UISP should be in place within three years.

Our aim is to convert the problems of our current UI program to positive help for Canadians who wish to help themselves.

Youth Wage-Subsidy Program

This Commission proposes a program to assist:

- 16- to 18-year-olds entering the labour force and older workers (mainly women) re-entering after a lengthy absence.

Labour/Management Co-operation

This Commission advocates reducing the adversarial element of labour/management relations through:

- Greater sharing of information
- Preventive-mediation programs
- Quality of working-life programs
- Adaptation of Japanese-style human resource and management practices
- Encouragement of gain sharing

Social Insurance Disability Plan

This Commission proposes the adoption of a plan:

- To deal with the longer-term effects of health problems, as well as with other forms of disability in the working-age population.

Legislated Affirmative Action Programs

Federal and provincial governments should assist women and members of minority groups to achieve equality of opportunity in the workplace. To this end, governments should make use of legislated affirmative action programs and contract-compliance requirements for workers within their respective jurisdiction, with the support of strengthened Human Rights Commissions.

Excellence in Training and Education

Canadians have not devoted sufficient attention to the challenge of achieving excellence in teaching, learning and research. Our educational institutions need to be more flexible to deal with the challenges that lie ahead. For these reasons, this Commission recommends that federal/provincial negotiations be undertaken immediately to replace current financing arrangements. A number of options are possible. Serious consideration should be given to:

- Providing federal payments or education “vouchers” directly to students, in place of the existing system of federal assistance
- Consideration by provincial governments of complete deregulation of the post-secondary fee structure
- Increased support for student loans and grants programs by the federal and provincial governments.



The Institutional Context

This Commission has outlined a set of institutional reforms intended to strengthen the foundations of responsible democratic government in Canada, to bring our institutions into line with the modern practice of federalism, and to improve our capacity to reconcile national and regional interests. The proposed reforms relate to:

Strengthening Parliament

To strengthen Parliament, the Canadian government should:

- Enhance the role of individual MPs through use of investigative committees and, where appropriate, relaxation of party discipline
- Provide opportunity for greater access to Parliament by interest groups
- Increase parliamentary supervision of government operations through use of parliamentary committees to address comprehensive policy matters, including the national budget, regulatory policy, Crown corporations, federal/provincial relations, and the public service
- Establish a permanent House of Commons committee on economic policy to hold a series of pre-budget hearings and to provide

year round a major national public forum for debate on economic policy

- Relax comprehensive budget secrecy
- Initiate regular sectoral and industry-by-industry consultations.

Reconciling National and Regional Interests

The time has come to bridge our differences. Central to this is a reformed Senate that would better represent all Canadians at the centre. It should have the following characteristics:

- 144 electoral seats distributed as follows: 24 for each of Ontario and Quebec, 6 for P.E.I. and the Territories, and 12 each for the other provinces
- Election by a system of proportional representation, using six-member constituencies
- A six months' suspensive veto, except in relation to legislation with linguistic significance. Such legislation would require approval of the majority of francophone Senators as well as of the Senate as a whole.

Federalism and the Economic Union

Interprovincial Barriers to Trade

To limit interprovincial trade barriers federal/provincial governments should:

- Formulate a Code of Economic Conduct that would spell out the principles of the economic union and provide for its enforcement
- Establish a federal-provincial Commission on the Economic Union to receive complaints from the public, analyse the impact of barriers, and report publicly to a federal-provincial Council of Economic Development Ministers.

Equalization

To achieve a fairer system of equalization, the government should:

- Introduce a reform scheme to return to a representative tax system that covers all 10 provinces and includes 20 to 30 per cent of resource revenues
- Give consideration to incorporating differences in needs across provinces.

Regional Development

Substantial reform is required to clarify and reinvigorate the respective federal and provincial responsibilities. The federal government should:

- Restrict direct regional development programs to improving regional productivity and the efficiency of the labour market, and discontinue locational grants and special local-employment programs
- Provide, instead, new federal Regional Economic Development Grants for job-creation programs undertaken by provinces which qualify for equalization payments, and which have signed an Economic and Regional Development Agreement with the federal government and the proposed Code of Economic Conduct on internal trade barriers.

Federal-Provincial Relations

This Commission recommends that Canadian governments:

- Expand the power of intergovernmental delegation

- Introduce a constitutional amendment to permit Parliament and provincial legislatures to enter into intergovernmental agreements that would be binding on their successors
- Amend the Constitution to facilitate implementation of international treaties affecting provincial jurisdiction
- Amend the Constitution to clarify jurisdiction in the areas of telecommunications, competition, product standards and trucking
- Entrench annual First Ministers' Conferences in the Constitution
- Streamline federal/provincial policy coordination through the creation of three Councils of Ministers in the areas of finance, economic development and social policy.

Unresolved Community Issues

Quebec

This Commission recommends that in order to recognize constitutionally the distinctiveness of Quebec society and Canada's duality:

- The Preamble to the Constitution be amended to recognize Quebec's distinctiveness and Canada's duality
- Allow any province to opt out, with compensation, of any arrangement relating to the transfer of legislative powers from provinces to Parliament
- Give French-speaking Senators a veto on proposed amendments to institutions affecting the distinctiveness of Quebec
- Encourage official bilingualism at the provincial level.

The North

This Commission recommends a federal commitment to the ultimate goal of some form of provincehood for the Northern Territories. Interim measures should include:

- Formula-based financial arrangements
- Continuing transfer of provincial-type responsibilities
- Establishing an independent commission, if necessary, to recommend a boundary for the internal division of the NWT
- More broadly based discussion of self-government for aboriginals.

Municipalities

The status and contribution of municipalities should be enhanced through:

- Greater involvement in economic development issues in general
- Added financial strength.

* * *

As the Commission began its work, the Brief of the Canadian Conference of the Arts pointed out this home truth: "We are presented with the opportunity of re-examining and reorienting our goals for the future, and of preparing for and entering into that future with the spirit that first brought this country into being." The Commission has tried to capture that pioneering spirit in the extensive agenda for change that has been set out both in this summary and in the full Report. While

governments can help to cushion the shock that change will inevitably bring, every Canadian must be prepared to face the future with flexibility. Each one of us must ultimately respond to the challenge for change.

Canada does not lack human resources to meet the requirements of the days ahead. We Canadians should celebrate our incomparable advantages, not only in the country in which we live, but in the compatriots we have gained, and in the institutions we have built. By viewing the chance for change as an opportunity rather than a threat, we can not only improve our circumstances at home, but we can also make a more important contribution abroad. Canada must now move from dependence to self-determination. With that firm confidence in our future, let us together make the leap of faith into tomorrow.

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