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The Liberal Red Book: The Economist's Perspective

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Abstract:

This paper provides my unique perspective as the economist on the team responsible for preparing the Liberal Party of Canada party platform for the 1993 election. This so-called 1993 Red Book was one of the first “contract with the public” political platforms. While not all the promises in it were subsequently implemented, it set the gold standard in Canada for accountability and transparency in subsequent party platforms. By providing an example of what a fully articulated and costed platform should look like, it presented a responsible and implementable, alternative program to that of the party in power. This paper discusses some of the difficulties encountered in incorporating economic principles in such a political platform and also comments on the problems that can arise if political parties fail to do so. There are always many issues that must be addressed when the professional economist crosses the line and becomes an economic adviser to a political party.

JEL Classification Codes: H3-Fiscal Policies and Behavior of Economic Agents, H4-Publicly Provided Goods, H5-National Government Expenditures and Related Policies, H6 National Budget, Deficit, and Debt

Keywords: Canadian fiscal policy, Canadian government expenditures, cost of campaign promises, Liberal Redbook

Season Opened on *The Red Book*

Reading Eddie Goldenberg's reflection on the Red Book in *The Way It Works: Inside Ottawa*, which, by the way, is must reading for Canadian political junkies, has brought back some old memories. And I guess if Eddie can write so frankly about it, it must be history, which makes it fair game for all the other participants as well. As the economist on the team, I've decided to give my own idiosyncratic perspective for the record. For those of you who are unfamiliar with the Red Book, it was the document with the bright red cover that was officially titled *Creating Opportunity: The Liberal Plan for Canada* and that set out the platform of the Liberal Party of Canada in the 1993 federal election. Prepared over the course of 1992 and first half of 1993 by the Liberal Party Platform Committee co-chaired by Paul Martin and Chaviva Hosek, it reflected the input of many Canadians and was built on the discussions and debates that took place at the Aylmer Conference of November 1991 and the National Liberal Party Convention of February 1992.¹

The Red Book was different from previous such exercises in the very specific nature of the election promises made and the way they were all grouped together in a single book presenting an overall vision of the way that the party proposed to take the country. Perhaps the most unique feature of all of the Red Book was that it gave costs for each of the individual promises and, most shocking of all, added them up. It was the first time a Canadian party had ever attempted in such a systematic manner to show that its promises were fiscally responsible. This was considered necessary to counter a public perception, promulgated by the Tories, that the Liberals were big spenders who didn't worry about the deficit. The Red Book has been hailed in an analysis prepared by CBC as the first of two platforms that "revolutionized how parties communicate their policies with voters." (Basen, 2008)

From what I was told, it was Chaviva Hosek who championed the concept of the Red Book. She got the idea from the manifestos prepared for the 1992 election in the United Kingdom and from Bill Clinton's campaign agenda, *Putting People First: How We Can All Change America*. These documents became required reading for those working on the Red Book.

How I Came to be Involved in the Red Book

It's a long story how I came to be involved in the whole exercise. But to make it short, one of my first clients when I left my position as Director of Fiscal Policy in the Department of Finance in 1981 was David Husband who was the Director of the Liberal Caucus Research Bureau. He engaged me to prepare a paper for the Liberal Caucus on the tax changes that were needed to make the infamous 1981 MacEachan budget more acceptable to Canadians angry about proposed tax increases. Together we came up with a package of proposed changes, most of which the Caucus succeeded in getting the Finance Minister to implement.

Over the next few years, I did several more contracts for David and he eventually joined me in the consulting business. We continued to do occasional work for the Liberal Caucus Research Bureau under the directorships of Brooke Jeffrey and Jacques Carrière.

Ironically, one of the contracts we did right after I returned to consulting after a two-year stint as Director of Economic Analysis and Forecasting in the Department of Finance was to cost the 1988 election platform for the Liberals. David Husband dealt with the Liberals, while behind the scenes I did the actual costing. The end result was a thick black binder with all the promises carefully costed to the extent possible given the sketchy information available. The overall price tag of the package turned out to be a whopping \$14.5 billion per year when the measures were fully phased in.

I don't know whether the then Liberal Leader John Turner was ever briefed on the costing. But I did read Eddie Goldenberg's conclusion in his book that "the Liberal Party election campaign in 1988 suffered a body blow from which it never recovered when John Turner, at a disastrous press conference, was unable to explain the costs of a daycare promise that was the centerpiece of its social policy agenda." (2008, p. 47)

Subsequently, Turner released a document entitled "What a Liberal Government will do for you" that contained a list of his 40 campaign promises but he still offered no cost estimates or explanations of how a Liberal Government proposed to pay for them. (Delacourt, 1988, p.A1)

According to Goldenberg, "Chrétien wanted to erase that memory [i.e. Turner's fiasco] by presenting a detailed costed agenda for government to show Canadians that the Liberal Party knew exactly how it would govern, and to which he would be held accountable four years later." (2008, p.46)

Turning back to my involvement with the Liberals, as my partner David Husband began to do more work overseas in the late 1980s, almost by osmosis, I began to do more work directly with the Liberal Caucus Research Bureau. Much of it focused on analysis of federal budgets and tax and expenditure measures. To this end, I accompanied the Liberal Finance critic and a few others into the budget lock-up. I also prepared more sophisticated distributional analysis of Conservative tax changes, the GST, and proposed Unemployment Insurance changes using the Social Policy Simulation Database/Model of Statistics Canada.

The 1993 Election

In late 1992 because of the previous work that I had done, I was asked by Chaviva Hosek to serve as the economist responsible for carrying out the costing of the Liberal Platform that she was responsible for preparing with Paul Martin as co-chair of the Platform Committee. And she turned out to be one of the most intelligent and gracious clients that I had the pleasure of working with over my years as a consultant. In costing all of the campaign promises, I worked closely with the staff of the Liberal Caucus Research

Bureau including most notably Mark Boudreau, Dianne Lafleur and Alfred McLeod. I also had contact with many Liberals across the country who had submitted proposals to the Platform Committee. Sometimes the proposed measures would have cost estimates attached that only needed to be verified. Other times I would have to prepare the cost estimates from scratch. My overall responsibility was to make sure that there were reliable cost estimates for all of the proposals under consideration and to keep a running tally on the total amounts involved. I also provided briefings on the overall fiscal situation based on the current budget, private sector forecasts and the sensitivity analysis presented in the budget as the need arose. Incidentally, when I worked on the election platform the client that paid the bill was always the Liberal Party of Canada and not the Liberal Caucus Research Bureau.

Periodically, we would have meetings to consider specific packages of measures or specific issues. Usually, Chaviva Hosek, Paul Martin, Eddie Goldenberg and Liberal Caucus Research Bureau staff, like most frequently Mark Boudreau and Diane Lafleur, would attend as well as myself. While I was not responsible for drafting any specific sections of the Red Book, I did have the opportunity to provide material and comments, some of which were even incorporated.

Although as an economist I felt strongly about the need to reduce the deficit, this was not an issue that could be easily addressed in the context of a political campaign because of the political sensitivity of expenditure cuts. Nevertheless, the Red Book was prepared within the context of a pretty hard budget constraint. Any proposed new spending had to be financed out of the savings from cuts in existing programs. And, in the end, it did even better than this, serving up a proposal for modest cuts in Conservative government spending that would only be partially reallocated to new Liberal programs. But the proposed net cuts by themselves were not large enough to do much to reduce the deficit, which did leave open the question of what the Liberals were proposing to do about the deficit.

It was the Leader himself, Jean Chrétien, and not Paul Martin, who took this particular bull by the horns and insisted that the elimination of the deficit must be specified as the ultimate goal of fiscal policy with an interim deficit target of 3 per cent of GDP set for the end of the third year in office. This did not necessarily mean that he wanted to talk in the platform about the cuts that might be required to achieve that particular objective. He was much too cagey to make that mistake like the Reform Party did.

Interestingly, the specific 3-per-cent target was not the result of extensive economic analysis. From what I could gather, the Leader picked it because it was the same as that proposed in Europe under the Maastricht Treaty. That it was only for the Federal Government and not all levels of government as in Europe was not considered to be of relevance. The most important thing though is that right from the beginning Jean Chrétien was firmly committed to deficit reduction. This probably stemmed from his long experience in government including his stint as Finance Minister. This episode taught me the humbling lesson that sometimes economic advice is not considered necessary even for most important economic decisions.

Near the end of the process before the Red Book was released, we all met with Jean Chrétien for a final discussion in the Official Opposition Leader's historic Centre Block office with its carved dark wood paneling. He, of course, had been kept informed of the Red Book's status as it was being prepared by Chaviva and Eddie so this meeting must have been something of a formality. John Rae was also present in his capacity as campaign chairman, but he didn't say much.

The Red Book was released as planned on September 15, 1993, about a week after the September 8 election call. It was a big event held at the ground floor of the Skyline Hotel and the national media was out in full force. The format was that of a budget-style lock-up followed by a press conference given by the Leader. As the economist responsible for certifying that the package was fiscally responsible (an auditor-like letter to that effect signed by me was included in the press kit), I had a major role. While Liberal Caucus Research Bureau staff were available in the lock-up to answer questions off the record the same way Finance officials do for the budget, I was the only one there who was allowed to speak on the record and to do taped television interviews. As I arrived a couple of minutes late, I discovered what it felt like to be caught in a press scrum.

My other duty was to leave the lock-up early to brief the Leader on the types of questions that the media was asking. At the allotted time, I left and was escorted into a conference room where Jean Chrétien was sitting with his wife Aline and his daughter France and some of his advisors, including, I think, Eddie. He got up and shook my hand and introduced me to his wife and daughter. Needless to say, this was a very heady day for me, my closest encounter with history in the making.

Over the rest of the campaign, I continued to provide briefing material on economic and fiscal issues as requested. A particular focus of my attention was on the platforms of the other parties, especially the Progressive Conservatives, the Liberal's traditional adversaries.

As Eddie Goldenberg wrote, Chrétien traveled around the country Red Book in hand saying, "This is what we stand for, the cost of our promises is on p.111 and you can hold me accountable in four years." He would then hold up an empty loose-leaf binder, which he called "The Tory platform in English." Turning it upside down, he would say "the French version." (Goldenberg, 2006, p.49).²

Sadly for them, this was only partly a joke. The Progressive Conservatives under its newly chosen Leader Kim Campbell actually didn't have a platform when they started the campaign. And after weeks of mounting criticism from the press for this all too obvious failing, Kim Campbell was finally driven to release a hastily cobbled-together policy package that unfortunately for her didn't even add up. But this gets a little ahead of the story.

It all started in a B.C. high school on Monday, September 28th when Kim Campbell gave a lecture to students on how she proposed to reduce the deficit. The multi-coloured chart

she used as a prop showed a \$5.85 billion package of spending cuts and related \$500 million in interest savings that looked suspiciously like the proposed Liberal cuts to business subsidies, defense and government operations. Ignoring the implications of the revenue shortfalls that were already showing up in 1993-94 for the deficit projections in the out years, the chart juxtaposed the cuts next to a \$8 billion dollar deficit projected for the 1997-98 fiscal year to support the contention that the package would almost eliminate the deficit within 5-years.³

Not too much later, I was sitting in my office, scratching my head and trying to make sense out of the related press release from the Conservatives when the phone rang. It was Edward Greenspon from the *Globe and Mail*. He told me that a senior Finance official, who will remain nameless, had told him that Campbell had made a fatal mistake in her deficit analysis by confusing the cumulative amount of their proposed cuts with their projected impact on the projected deficit. I said that it looked that way to me too and that I'd check it out with Finance. After so doing, I got back to Edward and confirmed the nature of Kim Campbell's errors. Edward then confronted Campbell's surprised advisors with this inconvenient fact and informed me of their reaction, which gave me a good laugh.

Hardly missing a beat, the whole Conservative electoral machine went into damage control mode and a 36-page manifesto was presented the next day. (Campbell, Delacourt and Greenspon, 1993, p.A1).

The line adopted was that the proposed zero deficit would be achieved by 1998-99, or a year later than Campbell had specified, by when the \$1,950 million annual value of Campbell's proposed cuts would be sufficient to eliminate the remaining deficit. Unfortunately for them, their effort at pretending nothing was wrong didn't work as the *Globe and Mail* ran both a reality check and an editorial charging that the Conservative numbers just didn't add up.⁴ Any credibility the Conservatives might have had as fiscal planners had been blown.

The problem for the Conservatives was that they did not have the capacity on their campaign team to do the sort of number crunching required to produce a simple deficit projection even one that took the latest budget scenario as a base. During their years in power, they had become totally reliant on the Department of Finance for analysis. And once the writ was dropped, consistent with the tradition of a neutral public service, the Department was no longer able to provide them with the fiscal analysis and projections they required to produce a respectable electoral platform.

Another issue that had to be addressed in preparing the platform was its impact on employment. Kim Campbell had provided an opening at the start of the campaign. After blithely observing that Canada's then double-digit unemployment rates would persist till the end of the century, she refused to offer any job creation targets. There was thus pressure among the Liberals to come up with a job creation number that would provide some hope of lower unemployment and that could be contrasted to Campbell's seeming fatalistic acceptance of high unemployment. However, that was easier said than done.

The general problem is that the fiscal measures contained in the electoral platform are usually very small in relation to the overall size of the economy and consequently can only be expected to have a very small impact on economic activity. In addition, according to traditional Keynesian theory, fiscal policy initiatives must increase the deficit to be expansionary, and to have a really big impact the increase in the deficit would also have to be large. This was obviously not something that any political party that professed to be fiscally responsible could propose in the middle of the 1993-94 fiscal year, in which the largest deficit ever was being run up both in absolute terms (\$42 billion) and as a percentage of GDP (8 per cent).

The reality that had to be faced was that the Liberal platform package was necessarily miniscule relative to the size of the economy, which was over \$700 billion in 1993. Worse, it contained overall cuts in spending rather than increases. This meant that any conventional Keynesian analysis using a macroeconomic model was unlikely to show much of positive impact on employment. In fact, it was more likely to show a negative impact. This was why I advised the Liberals to politely decline Mike McCracken of Informetrica when he offered to simulate the impact of the Liberal platform before it was made public using his firm's TIM model.

My advice to the Liberal Platform Committee, which to a certain extent was reflected in the wording used in the Red Book (p.20), was that a fiscally responsible policy stance intended to reduce the deficit would enable monetary policy to be eased, thus lowering real interest rates, while still keeping inflation low. The economic stimulus that would generate growth in output and employment would come from a monetary easing and not from an expansionary fiscal policy.

But, of course, that didn't satisfy the understandable craving for a specific estimate, preferably large, of the number of jobs that would be created by the platform. In response, I suggested a two track approach. One was to focus on the overall increase in employment that would likely occur provided that the new government could establish a sound fiscal and monetary framework. The specific number I suggested, which was presented as the Liberal target during the campaign, was 350,000 to 400,000 per year, adding up to 1.4 million to 1.6 million by the end of the four-year mandate. The target was based on the normal growth in employment produced by a reasonably healthy economy. While all these jobs could not be attributed to specific government policies, they could, more generally, be attributed to the government's proposed sound fiscal and monetary stance, which created the favourable climate for growth. And, in any event, it has become customary for governments to take credit for all increases in employment on their watch.

The second approach I suggested was more technical based on the specific package of measures included in the platform. While it was true that the Red Book package was for a small net decrease in Federal Government spending of \$1,795 million over four years, the composition of the proposed reallocations was such that the employment-intensity of the programs being cut was less than that of the programs being increased, which in addition to the infrastructure program included funding for a youth corps and daycare. If this was

taken into account, the number of jobs created by the measures on average over the four year period could be estimated to be 60-65,000, 50-60,000 of which were from the infrastructure program. It was this number that was presented at the Red Book press conference and that was often cited during the campaign.

This estimate sowed the seeds of my downfall. The campaign ended for me much less gloriously than it had begun. Following a forecasting conference at which Robert Fairholm of DRI claimed that the Liberal estimate of jobs created by the infrastructure program was way too high and should have only been 10,000 to 15,000 jobs instead of the 50-60,000 claimed by the Liberals, I got a call from a sharp then-young reporter Greg Ip of the *Financial Post* demanding an explanation. From our discussion, it quickly became clear that the main difference between our estimates was that Fairholm had assumed that the provinces and municipalities would finance their participation in the infrastructure through cutbacks in other spending, reducing employment. This is because the infrastructure program was a program where the Federal Government would put up \$1 billion a year for two-years, provided that it was matched by an additional \$1 billion from each of the provincial and municipal level of governments. The total amount of the infrastructure program was thus actually \$6 billion of which only \$2 billion came from the Federal Government and the balance of \$4 billion came from provinces and municipalities. While I never exactly said it, my comments were enough to get me a story right at the top of the front page complete with a pretty good colour picture and a headline screaming “\$4 billion deficit hike seen from Liberal job plan.” (Ip, 1993, p.1). Needless to say, this ended my usefulness as a spokesperson for the platform. And I had to lay low after that for a few days to avoid a feeding frenzy of reporters. Thus ignominiously ended my involvement with the Liberals in the 1993 election.

But I wasn't completely in the dog house. In mid-November after the election was over and Paul Martin had been appointed Finance Minister, I was invited to a dinner at the Rideau Club with some other economists for a discussion of the fiscal and economic challenges facing the new government. Besides myself and the Finance Minister, those attending were Ed Neufeld, Judith Maxwell, Lloyd Atkinson, and Peter Nicholson. As I remember it, my advice was that his main task as Finance Minister now that they had won had to be reducing the deficit. And, while I don't believe my advice was of much significance in the overall scheme of things, I pride myself that at least it was consistent with what he was soon going to hear from the Department of Finance. In my view, Paul Martin's greatest achievement as Finance Minister was the elimination of the deficit and the reduction in Canada's debt relative to GDP. And, of course, he could never have done it without the full backing of Prime Minister Chrétien, who, whatever else he might have been, was definitely a fiscal conservative.

The specificity of the promises made in the Red Book was both its strength and its weakness. They have certainly facilitated a debate on the extent to which the Liberals met all the commitments they made. In 1996 the Liberals published *A Record of Achievement: A Report on the Liberal Government's 36 Months in Office*, which provided an update on the Liberal Government's actions in implementing the Red Book. The most contentious promises are those relating to the GST and the NAFTA. The critics claim that the

Liberals promised to scrap the GST and tear up the NAFTA, whereas the Liberals (other than Sheila Copps who, honouring what she mistakenly thought was the promise, resigned to run in a by-election over the issue) hold up their efforts to achieve a harmonized sales tax and the NAFTA side agreements they reached on labour and environmental standards. Beauty, of course, is in the eye of the beholder. And, as an economist, there is little I add to this partisan debate, other than to say that it has occurred with much more information thanks to the Red Book.

Red Book II

But by the time the 1997 election rolled around my gaffe at the end of the 1993 campaign seemed to have been forgotten. So I also got to play a costing role for the Liberals in the elections of 1997 and 2000. But it wasn't quite the same because as the Government the Liberals had access to all the research and analytical resources of the public service, at least until the writ was dropped, and they, of course, took full advantage of it.

But one thing we were able to do that the Liberals wouldn't have been able to do without the support of the Finance Department was to develop and announce a proposal to raise the cash floor of the Canada Health and Social Transfer from \$11 billion to \$12.5 billion to increase the resources transferred to the provinces for medicare, post-secondary education and social assistance. This is more complicated than it sounds because it was necessary to calculate the distribution of the amount among the provinces and territories based on the formula as well as the total. And any slight deviation from what is expected would have been greeted with howls from the provinces affected.

Another interesting feature of the 1997 Red Book was that it contained a commitment to allocate the expected fiscal dividend one half to a combination of reducing taxes and the national debt, and the other half to spending on social and economic needs (Liberal Party of Canada, 1997). As Eddie Goldenberg reveals, this formula came directly from Jean Chrétien, the boss himself, and reflected his philosophy of a balanced approach to government policy and his belief that such a rule could be easily communicated to the public. Eddie reports that he was instructed to inform the Minister of Finance and the chairs of the Liberal Party platform committee of the Prime Minister's decision and that there would be no open debate. (Goldenberg, 2006, p.133).

I can also confirm that there was absolutely no analysis at all underlying the 50/50 rule decision. Indeed, as a public finance specialist, I cannot conceive of the circumstances where such a simplistic rule would lead to an optimal allocation of fiscal resources. Furthermore, the rule turned out to be not as straightforward as the Prime Minister thought and, in my view, the Department of Finance was not very successful at making it operational, measuring its implementation, or communicating the results convincingly to the public. This is another example of what can happen when fiscal policy is made without consulting any economists.

Curiously, even though my role was vastly reduced in the 1997 election, it was the most fun. Late one night soon after the election had been called, I got a telephone call from

Chaviva that the platform had been leaked in advance by Preston Manning, the Leader of the Reform Party, and that the official release had been brought forward and would be the next morning in Saskatoon where Chrétien was scheduled to give a speech. Bright and early the next morning, we all embarked from Uplands on the campaign jet for our trip to Saskatoon. After a working lunch with the Leader around a conference room table at the Besserer Hotel, where John Manley as Industry, Science and Technology Minister was called upon to fix a non-functioning telephone and actually went so far as to open it up using a knife as a screwdriver before another functioning phone was brought in and his operation was aborted, the press conference releasing the platform went smoothly and I never had to say a word with Chaviva doing all the necessary talking about the costing.

When the press conference was over, the Leader and his aids jumped on to one elevator to go down from the top floor convention room and I and some others got on the other. Well, Preston Manning must have put the hex on it and it didn't quite make it to the ground floor, grinding to a halt about four feet short. After standing around for a couple of minutes waiting to be rescued, we began to get impatient and a few of us pried the door most of the way open. Taking the lead, I then hopped out and the others followed. When Anne McLellan climbed down though, her skirt went way up revealing a lot more leg than she would have liked. The Canadian political paparazzi, waiting in the lobby, got just the type of embarrassing picture they like, which was featured prominently in many newspapers the next day. I passed the rest of the day uneventfully in the hotel bar drinking with the assorted Liberal Cabinet ministers and campaign aids while we waited for Jean Chrétien to give his speech. We didn't get back to Ottawa till around midnight. I was tired, but I must admit it had been much more exciting than my ordinary workday as an economic consultant sitting at my computer.

Eddie Goldenberg reports that while the 1997 Liberal Party Red Book made concrete commitments, the Prime Minister rarely used the document in his campaign speeches. His remarks were usually limited to generalities about health, knowledge and children as his overall priorities. . (Goldenberg, 2006, p.146).

The Red Pamphlet

I also worked for Chaviva on the third and final platform that she was responsible for developing. Once again I prepared the costing of Liberal promises for the 2000 election. This was a relatively routine exercise, about which I have nothing much of interest to report. The Liberal Government's main initiative was the \$58 billion 5-year tax reduction plan, which had already been announced by Finance Minister Martin in the February 28, 2000 budget. The 2000 Red Book's lack of large specific new initiatives and its slim size was perhaps why it was called the "Red Pamphlet" by some journalists.

Lessons

The 1993 Red Book set the standard for party platforms in Canada. Providing an example of what a fully articulated and costed platform should look like, it presented a responsible and implementable, alternative program to that of the party in power. And it helped to

keep the Liberal election team and all of the Liberals candidates on theme. Sure, the Liberals did not succeed in meeting all their promises, like scrapping the GST and tearing up NAFTA, but if anyone bothered to read the Red Book they would have seen that the promises were much more nuanced than that. And even the Liberal's worst critics must admit that the Red Book made it easier for them to call the Liberals to account.

And, it was not only the Red Book itself, but the capacity to produce such a document which is important. A political party that wants to be taken seriously today needs to have access to a full team of experts across the complete range of government policy responsibilities including economic and fiscal expertise capable of costing proposed policy measures within the framework of the government's most recent economic and fiscal projections. In effect, a political party needs to have a mini-Finance Department at its disposal if it's going to make sensible commitments that it has a chance of delivering on.

A tempting mistake for a Government to make is to rely entirely on the real Finance Department and not to develop an independent capability. This works fine for the governing party until the writ is dropped and the party in power finds itself cut off from the font of all fiscal and economic wisdom. Then, whether it realizes it or not, it is left alone in a very hostile, partisan world to flounder around like Kim Campbell in 1993.

Notes

This article is cited as an important source in the Wikipedia article on the Liberal Party of Canada Red Book.

1. Paul Martin also discusses the Red Book in his recent biography (2008) . On page 101, he mentions my role as the economist responsible for costing proposals.
- 2 Page 111 says at the bottom "All figures verified by Global Economics Ltd." The costing tables from page 110 and 111 of the Red Book are provided below as Appendix A, which is what they were also called in the platform document.
3. "Campbell would cut \$5.85 billion," *Globe and Mail*, September 28, 1993, p.A1 and "Notes for a lecture on deficit reduction," *Globe and Mail*, September 28, 1993, p.A8.
4. See Freeman and Greenspon (1993, p.A5) and "Grit or Tory, Same old story," *Globe and Mail*, September 29, 1993.

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Appendix A: Costing

Costing for Proposed Programs 1994-95

1994-95

Cuts to existing <i>Conservative</i> programs	\$1,344 million *
Cost of proposed <i>Liberal</i> programs	— \$1,313 million **
Decrease in spending	\$ 31 million

1995-96

Cuts to existing <i>Conservative</i> programs	\$1,912 million *
Cost of proposed <i>Liberal</i> programs	— \$1,665 million **
Decrease in spending	\$ 247 million

1996-97

Cuts to existing <i>Conservative</i> programs	\$1,905 million *
Cost of proposed <i>Liberal</i> programs	— \$1,016 million **
Decrease in spending	\$ 889 million

1997-98

Cuts to existing <i>Conservative</i> programs	\$1,980 million *
Cost of proposed <i>Liberal</i> programs	— \$1,352 million **
Decrease in spending	\$ 628 million

* See Table 1 opposite for details

** See Table 2 opposite for details

All figures verified by Global Economics Ltd.

Table 1: Savings from Cuts to Conservative Programs (\$ millions)

	Pages	1994-95	1995-96	1996-97	1997-98
Cancellation of the EH-101 helicopter program	20	359	632	625	700
Additional cuts to the defence budget *	20	350	425	425	425
Reduction in the professional services budget	20	400	620	620	620
Additional cuts in grants to business *	20	225	225	225	225
Cuts to budgets for ministerial staff and PMO	20	10	10	10	10
Total		1,344	1,912	1,905	1,980

* "Additional" cuts are above and beyond cuts announced in the April 1993 federal budget.

Table 2: Cost of Proposed Liberal Programs (\$ millions)

	Pages	1994-95	1995-96	1996-97	1997-98
Capital Investments					
Infrastructure	60-62	1,000	1,000	-	-
Residential Rehabilitation Assistance Program	61	50	50	-	-
Research and Technology					
Venture Capital	48-49	25	25	25	25
Spending on R&D	50-52	100	200	300	400
Canadian Technology Network	51	15	20	25	30
Engineers Program	54		10	10	10
Investing in People					
Apprenticeship	33-34	-	96	192	288
Youth Service Corps	34-35	25	50	100	100
Literacy	36	5	5	5	5
Child Care	38-40	-	120	240	360
National Forum on Health	80-81	3	3	3	3
Women's Health	81-82	3	3	3	3
Prenatal Nutrition	82	10	15	30	30
Aboriginal Head Start	82-84	10	20	30	40
Aboriginal Education	102	20	20	20	20
"Action 21" Campaign	68-69	3	3	3	3
Equality					
Law Reform Commission	86-87	3	3	3	3
Court Challenges Program	86-87	2	2	2	2
Canadian Race Relations Foundation	86-87	24	-	-	-
Culture	88-89	15	20	25	30
Total		1,313	1,665	1,016	1,352

Decrease in Spending (\$ millions)

	1994-95	1995-96	1996-97	1997-98
Total	31	247	889	628