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“Unleashing Canada”

Speech by Michael D. Harris
Atlantic Institute for Market Studies
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Mike Harris speaks with Halifax Chamber of Commerce President Valerie Payn and Vince Marsh of event partner Deloitte & Touche.



Mike Harris enjoys a moment with AIMS' president Brian Lee Crowley, Steven Dempsey, president Greater Halifax Partnership and John Patterson, Senior Vice President Sales, Office Interiors Group.



The former premier of Ontario shares ideas with AIMS Advisory Council member Allan Shaw and Brian Lee Crowley.



John Patterson from Office Interiors Group presents Mr. Harris with a token of appreciation for his talk.

Unleashing Canada

---Check against delivery---

My friends, it is an honour to be back in historic Halifax, the site of so much of our nation's history.

I do want to say that all Canadians were shocked at the force with which hurricane Juan struck this beautiful city and the rest of Nova Scotia just a few weeks ago.

It is testimony to the strength, character and perseverance of the people of this province that you have been able to bounce back, and recover so quickly.

And like the community effort that rebuilt historic Saint George's Church after it was ravaged by fire in 1994, Halifax *will* rebuild. And soon, not too long from now, Halifax will be stronger than ever.

I want to also tell you what an honour it is to be a guest of the Atlantic Institute for Market Studies. It is a privilege to be invited to spend time with you.

The Institute is truly a powerful force in the intellectual life of Atlantic Canada and the rest of the nation. It's important because it's bringing a fresh perspective on the issues this part of the country faces, a new way of thinking about our future.

As a Senior Fellow at the Fraser Institute, I've come to know just how much this organization is doing to bring "common sense" to public policy decision-making.

So I want to express my thanks to Brian Crowley, a Director and President of the Institute and to Gerald Pond, the Institute's Chairman, for inviting me to be here with you.

Since joining the Fraser Institute, I have been exploring ideas and proposals that strengthen our economy and our quality of life as Canadians. I've been looking at new ways we can unlock the vast promise, and unleash the great potential that is Canada.

This is the topic I'd like to talk about this afternoon.

My friends, it's not just time – it's long overdue - for a different way to think about Canada's future.

We need to take a fresh look at old problems.

We need to look from a new perspective, at how our country - from Vancouver to Halifax to St. John's - can compete, and win, to create opportunity, wealth, and a better life for us all.

I am confident about this country. I'm confident about her people, about her potential and about her future.

I draw the inspiration for that confidence in part from a great Canadian. I am referring to Canada's seventh prime minister, Sir Wilfrid Laurier.

Laurier is widely credited with predicting that "the 20th century belongs to Canada".

Here's precisely what Laurier said, almost 99 years ago, in a speech that school children still learn about:

"The more I advance in life.... The more I thank Providence that my birth took place in this fair land of Canada. Canada has been modest in its history, although its history has been heroic in many ways. But its history, in my estimation, is only commencing. It is commencing in this century. The nineteenth century was the century of the United States. I think we can claim that it is Canada that shall fill the twentieth century".

I believe that Laurier was right. His optimism and enthusiasm and faith in this country were well founded.

He was just off by a hundred years...

Why is that? What's our problem – what is holding us back?

Well, let me share some thoughts with you.

First, our national leaders think far too short-term, and far too defensively.

When looking at the gap in the standard of living between Canada and the U.S., their aim is to "stop the spread" or to "close the gap" with the United States.

Sometimes they deny that the gap exists.

Other times they say this is the price we pay for being Canadian.

Laurier didn't say the century would be long to the United States by no wider a margin than the previous one. That's a plan for failure.

I believe it's crucial to our future that we stop thinking this way. It sells this country – and its people – short.

Instead, we should set the ambitious goal of leading the world in standard of living, wealth creation and productivity.

Quite simply, Canadians should settle for nothing less than an economic performance that is first in the world.

So if that is our goal – and I believe it should be – where are we in this quest?

Unfortunately, relative not just to the United States but the entire industrialized world, Canada's economic performance is weakening.

As our economic performance weakens, so does our influence, and our relevance.

In their 2002 publication entitled, "*Canada 2010 – Challenges at Home and Abroad*," the Conference Board of Canada estimates that by 2010 our per capita GDP will be \$40,000 (US). In contrast, by 2010 the per capita GDP of the United States will be \$52,000 (US). This is a gap of \$12,000 per-person and double what existed in the year 2000.

Widening gaps in income, in productivity, in purchasing power, in innovation and in our standard of living.

This means poorer Canadian families, less opportunity for our children, and more dreams for the future that will remain unfulfilled.

Why is this okay with Paul Martin and Jean Chretien? They've had the chance to mobilize the country and take bold action so we can achieve our full potential.

But instead, they deny... they delay... and they defend.

They say we have different values – as if Canadians should accept job losses and lower wages as the inevitable cost of a parliamentary system and a love for hockey.

They used to remind us that the bureaucrats at the United Nations thought Canada was the best place in the world – until those same U.N. bureaucrats said we were falling behind.

My friends, we don't have to settle for this

There are solutions to the challenges facing Canada. There are bold steps we can take to make a better Canada for ourselves, for our children and for generations to come.

First, in an increasingly competitive global economy, where the United States and European and Asian nations are our main competitors, Canada must aggressively cut taxes so that we are a beacon for investment, economic growth and job creation.

As an AIMS study first noted, tiny Ireland provides a potent lesson for Canada of what tax cuts can accomplish.

In the late 1980s, the Irish government realized that the old way of doing things did not work.

Ireland was in trouble and in response they cut taxes from 40 percent of GDP in the late 1980s, to about 32% today.

So what was the result?

Well, for one thing, 32% of a much larger GDP leaves the government with more revenue than they used to receive by taxing 40% of a much smaller GDP.

Prior to these reforms, Canadian per capita GDP was two-and-a-half times as large as Ireland's. Today, just fifteen years later, Irish per capita GDP is higher than ours – what a turnaround.

But what was the result in human terms?

Thousands of young Irish citizens who left to pursue their dreams are now returning home because of the unprecedented hope and economic opportunity.

Think of what this could do for Canada.

Second – we must find new and innovative ways of investing in the tools of national economic growth.

Modern highways...

Schools, colleges and universities that lead the world in learning, research and innovation...

State-of-the art health care...

This new physical and social infrastructure will only be possible if we confront the conventional wisdom that government has to fund, and provide for everything.

These tools of economic growth will only be possible with significant involvement by the private sector.

In Ontario our government allowed the University Health Network – the largest hospital in the country – to finance a massive capital expansion making it the crown jewel of Canadian health care through a bond issue and private sector involvement in financing.

This allowed the project to proceed. But even more, the University Health Centre in Toronto is now able to compete for the very best health care professionals across the globe.

And you know what? It all came at no additional cost to the taxpayers.

Next, we must fix our nation's troubled internal economies.

Troubled internal economies exist in all regions of the country.

I should know; Northern Ontario, where I'm from, is one of them.

For decades we've struggled with the challenges of economic growth and job creation, and finding the solutions that will keep our young people from leaving.

It was Fred McMahon, a senior policy advisor at AIMS and now with the Fraser Institute, who wrote in his study "*Retreat from Growth*" that at the end of the 1960s, Atlantic Canada was emerging as an economic engine.

Economic growth was greater than Canada's throughout the decade. Unemployment had fallen to, or even below, the national unemployment rate. Business was attracted to investing in Atlantic Canada.

But then things changed.

Ottawa stopped believing in the ingenuity and capabilities of the people of Atlantic Canada.

Perhaps they had good intentions, but rather than building on the base of opportunity provided by great universities such as Dalhousie, Acadia and St. Francis Xavier... the well educated workforce... and innovative local entrepreneurs -

... Ottawa spent billions trying to keep outdated and outmoded industries on life support.

Rather than expanding the trading relationships that have existed between Atlantic Canada and New England for three centuries, the federal government hiked taxes, increased red tape and stifled economic growth.

My friends, all of us here know the result of these policies.

But Paul Martin and Jean Chretien still don't...

Rather than take the side of innovation and entrepreneurial thinking, instead they've chosen bigger government and bloated "regional development" bureaucracies...

Rather than invest in the pillars of tomorrow's growth, instead they pour tax dollars into the status quo.

This sells the people of Atlantic Canada short.

They already know what to do. They are far, far ahead of the federal government.

The people already know that their own talents and strengths will accomplish far more for their future than any government policy or Ottawa bureaucracy ever could.

Halifax was the site of one of Canada's first stock exchanges.

This is the birthplace of the Bank of Nova Scotia and the Royal Bank of Canada. Halifax was the home of Samuel Cunard, the trans-Atlantic steamship entrepreneur who literally changed the face of worldwide shipping and transportation.

Lets build on this remarkable legacy.

Lets unlock the true potential of Atlantic Canada.

Premier John Hamm is leading the way here in Nova Scotia.

Lets cut taxes, remove the barriers to economic growth and job creation, reduce the size of government and invest strategically in the future, so that the people who live in this beautiful part of our great nation can truly flourish, and prosper.

Fourth – we must start to appreciate that immigration is an essential tool for economic growth and competition.

While we have a role to play in helping legitimate refugees and unifying the families of immigrants, these should not be the sole forces that shape our immigration policies. Right now, we seem to be known as a great country to come to if a person wants to rely on the state to look after them.

Immigration is a source of energy and optimism, of creativity and potential, of the skills, talents and abilities needed to power our economy and drive Canada forward.

In the modern, high performance international economy, Canada must understand that every talented and skilled professional and potential newcomer is a potential asset in boosting the prospects for our nation's future.

Canada must seek out and attract the very best. Let us make a strategic decision and design immigration policy that makes Canada *the* destination of choice for those with the energy, drive and ambition to push this country forward.

Let's welcome professionals to Canada with open-arms and give them the direct incentive to invest, work hard and reap the economic rewards for their efforts.

Fifth – our economic success should be tied to our ability to create a truly level playing field on which enterprise thrives based on efficiency, ingenuity and merit.

Air travel, banking, communications and media are four markets whose liberalization would benefit consumers, taxpayers and Canadians generally. Not to mention the labour market too.

A level playing field also requires the elimination of business subsidies and other forms of corporate welfare.

Our economic success depends on tax and fiscal policies that are fair to everyone, not on the futile attempts of politicians and bureaucrats to pick winners and losers...

And finally – I believe we must end our short sighted and crippling dependency on a low dollar.

Earlier this year I spoke about the risk the federal government is running by stubbornly maintaining a national economic policy that seems to be based on not much more than our currency being of lower value than that of the U.S.

It was, after all, our Prime Minister who said that a low dollar policy is good for the country.

Over the past several months as our dollar has steadily climbed in value, many of the risks associated with that low dollar dependency have emerged as very real threats to our economy.

The solution is not to hope that the dollar falls again. That just offers the appearance of competitiveness.

Instead, we must make the changes needed to compete and win with a higher dollar – to attract more jobs and investment, while at the same time making paycheques more valuable, not less.

Paul Martin and Jean Chretien just don't understand.

Ottawa has not cut taxes to keep our economy strong...

They have refused to end corporate welfare...

And they have fuelled a massive growth in government spending, instead of creating an environment for business to grow and create new jobs.

And now, with some predicting that our dollar may reach 80 cents by the end of the year, not a soul knows what our national leadership is going to do about it.

Canadians deserve so much more than this.

Together, we have the capacity and the potential to compete and succeed in the global market place.

With hard work, dedication and new ideas we can increase our standard of living and a purchasing power *above* that enjoyed by Americans.

And for the sake of our children, and future generations we can, we must and we will succeed in reaching this goal.

The need for new solutions that unlock our potential as a country extends to foreign affairs and Canada's place in the world too.

In Nova Scotia and Atlantic Canada you've known and appreciated the importance of our international relationships for longer than the rest of Canada.

Aided by the Reciprocity Treaty that was signed prior to Confederation, Atlantic Canada has benefited profoundly from a close trading relationship with our American allies.

The Port of Halifax has always been Canada's gateway to the world.

Cargo ships have long used this port as the exit and entry point for our nation's global trade.

The Canadian Navy calls this harbour its home when our country is at war, or when using force to help keep the international peace.

It is time for a new way of thinking about Canada's place in the world because the world has changed so dramatically since the fall of the Iron Curtain.

Instead of one threat to peace and security, there are now many.

The world has changed economically too.

The European Union has thrown up ever-higher walls against Canadian exporters.

Despite free trade with the United States, protectionist forces in Congress continually undermine our position.

In these new and challenging times it is crucial that Ottawa protect and promote Canada's national interest. It is crucial that we engage meaningfully in world affairs, guided by a coherent and effective foreign policy.

But despite the challenges, threats and opportunities that exist today, does anyone know what Canada's foreign policy actually is?

The sad truth is that no one can answer this question because Canada has no foreign policy.

We have platitudes. We have rhetoric. We have posturing.

We have everything but an understanding of how Ottawa will protect Canada's national interest in the uncertain times that lie ahead.

Canada's foreign policy should stem from the *very essence* of what we stand for. It must reflect our values and beliefs as a nation, and it must advance them. This is our "national interest."

But in being a leader, in advancing our national interest, Canada also has a strategic advantage that no other nation on earth does.

Our relationship with the United States...

Canada and the United States share the world's most successful trading partnership. Almost two billion dollars in goods and services cross our border every day. There are 200 million border crossings between us each year.

The U.S. is more dependent on Canada for oil and gas than it is on any other country.

We share ties of culture and sports. And our vital economic infrastructure – finance, communications, oil and natural gas pipelines, transportation – is deeply interconnected.

As Canada pursues our national interest, nothing is more valuable than our unparalleled relationship with the world's only superpower.

In so many parts of the world, people consider Canada's opinion relevant not just because of Canada itself, but primarily because of our relationship with the U.S.

It's by far the most effective way for Canada to influence the course of world events. And it is the most effective way to advance Canada's interests on key issues that matter to us as a country.

A relationship like this takes years to create.

But sadly, our federal government is tearing it down and destroying it.

Our Canadian forces made a magnificent contribution to the War on Terror in Afghanistan.

But what will American leaders remember?

Jean Chretien blaming the victim for September 11th...

The embarrassing and ignorant comments of Herb Dhaliwal, Carolyn Parrish and Francoise Ducros...

Ottawa refusing to expel Iraqi diplomats, but then having Liberal Members of Parliament call for the expulsion of the U.S. Ambassador...

That is what the Americans remember.

Think of what this deteriorating relationship means for Atlantic Canada.

Instead of strengthening our relationship with the United States and building a climate for economic growth and job creation for people in this part of the country, Ottawa has put that hope for the future, this untapped potential at risk.

We simply can't afford for this to continue. And there are three things we can do to reverse this course.

First – we need to set an example to the world on the power of open markets. We need to continue where we left off with the Free Trade Agreement and NAFTA and build much more certainty into our trading relationship with the U.S.

Canada must propose the creation of a common institution or dispute resolution body to strengthen our trading relationship and make decisions squarely on the basis of an equal and shared approach to trade law.

Second, Canada must propose a continental security perimeter for North America that defends both Canada and the United States from common threats and protects both of our national economies and the vital two-way trade that goes with them.

And third, here at the home of Canada's Atlantic fleet, I say we must rebuild our armed forces so that we have a stronger voice at the table when it comes to protecting Canada and the rest of North America, participating in world affairs and making and keeping the international peace.

These powerful new ideas have the potential to fundamentally change Canada's place in the world.

These powerful new ideas can help Nova Scotia, Atlantic Canada and the rest of our country unlock our potential - as a nation.

Friends, too many people today scoff at the importance of new ideas and what they can mean for Canada.

But you and I both know that these people have forgotten their history – of what we can accomplish as a country.

Do you know what Sir Julian Byng the British Commander said on the eve of Vimy Ridge?

“If anyone can do it, it will be the Canadians.”

Is this our reputation today?

The things I talked about here this afternoon are ideas – but they are very powerful ones. And they have the potential to change our country - dramatically, and for the better.

Lower taxes...

A role for the private sector in public investment and services...

Unleashing the potential of Canada’s regions...

An immigration policy that boosts economic growth...

Market liberalization and an end to corporate welfare...

An end to the low dollar dependency...

And from this strong foundation, a foreign policy that sets an example to the world on the power of open markets, creates a continental security perimeter and rebuilds our proud armed forces.

These, I believe, are ideas that will allow Canada to truly prosper in the 21st century.

These are ideas that will help us achieve our full potential as a country.

These are ideas that will help secure our nation’s future.

Thank you for allowing me to share these thoughts with you.