



**Transcript of the talk
by Brian Lee Crowley
President of AIMS
at The Celtic Tiger Dinner
Celebrating in New Brunswick
AIMS' 10th Anniversary
May 31st, 2005**

Ladies and gentlemen, this is the tenth anniversary dinner of the Atlantic Institute for Market Studies. Welcome.

I'd like to tell you about the story of the Atlantic Institute for Market Studies. In 1944, a famous economist and later Nobel Prize winner called Frederick Hayek wrote a book and that book, which I happen to have a copy of here, changed the world. It was called *The Road to Serfdom* and it warned the soon-to-be-victorious allied powers in the Second World War that they were being far too influenced by the ideas of regimentation and central planning that were the hallmark of their enemies in the Second World War. And they were too tempted to think that they could run a country at peace like you can run a country at war.

The book was a blockbuster and is widely credited with changing the intellectual atmosphere of the post-war world. And, later, was the bible of East European reformers trying to recover from the wreckage of decades of communism.



Crowley provided background on the think tank movement during his talk to The Celtic Tiger Dinner, including Nobel prize-winner F. A. Hayek's famous recommendation to Dr. Antony Fisher, "Whatever you do, don't go into politics."

Now not long after the book's publication, Hayek had a chance meeting with a British businessman named Tony Fisher. And Tony Fisher told Hayek how deeply moved he was *The Road to Serfdom* and said that he intended to enter politics to ensure that Hayek's ideas got acted on. And he wondered did Hayek have any advice for him.

Hayek said, and I'm sorry, I know there are some politicians in the room. Hayek said, "Whatever you do, don't go into politics." He said, "Politicians have to work within the limits of what is acceptable to public opinion. So

if you really want to change things, don't become a politician, change the climate of public opinion in which politicians make their decisions."

"Well, what should I do then," said Tony Fisher. And the reply came, "Start a think tank. Help people to see why some policy and ideas are good and work while others, no matter how good they may sound, don't and can't work." And Tony Fisher, with two friends, Arthur Seldon and Ralph Harris, took that advice and founded the Institute for Economic Affairs. And the IEA, as it came to be known, proved Hayek's belief that ideas changed the world in the long run.

They were one of the moving forces behind Thatcherism, for instance, the ideas that became Thatcherism, property-owning democracy, privatization, trade union democratization, council house sales, and on and on the list goes. And those were made possible by the unrelenting efforts of people who believed that there were better ideas at a time when those ideas were totally out of fashion and, indeed, were regarded by many people as rather loony.

Today, the Labour Prime Minister of Britain regards those reforms as an untouchable legacy, in large part because Tony Fisher and the IEA did such a brilliant job of shifting the climate of public opinion in the U.K. And from the conversation between Hayek and Fisher grew not only the Institute for Economic Affairs but an unofficial and informal world-wide network of institutes of which AIMS is one.

AIMS started ten years ago at a time when the Government of Canada was about to rein in its spending quite significantly across the country. You may recall Paul Martin's second budget, when he first became finance minister, started that process. Now this was a region, of course, that had, rightly or wrongly, pursued a strategy of sheltering, as Alan J. MacEachern used to say, under the warm arm of government. And the founding directors of AIMS thought that whatever the merits of that strategy had been in the past, it didn't have much of a future. Yet there was little debate that was taking place in this region about what could and what should take the place of that old strategy. It was into that vacuum in the world of ideas in Atlantic Canada that the Atlantic Institute for Market Studies rushed.



Crowley provides the audience at The Celtic Tiger Dinner in Saint John, NB with a brief history of the Atlantic Institute for Market Studies and its many successes

The late Tony Fisher presided over our efforts in spirit. We opened our doors at AIMS on the strength of one \$15,000 cheque from the Atlas Economic Research Foundation that he had helped to found in order to support think tanks that wanted to get going around the world.

That was soon followed by a major grant of nearly half a million dollars that we were given by the Donner Canadian Foundation, one of this country's largest charitable foundations. It was, at that time, the largest donation, the largest grant, they had ever given to anybody in Canada. So we had the financial resources to get the institute going. Since that start ten years ago, we have raised \$5-and-a-half million in order to do public policy work here in Atlantic Canada.

But we also needed people and we needed credibility in the community if the work we were going to do was to have any impact. And the response to our search for those people and that credibility was, I think, magnificent. We have now and have had from the beginning what I humbly submit is the finest board of any organization in Atlantic Canada.

Now I can't mention everyone who has served on that board, but I will tell you that we have had as chairman, New Brunswicker Ced Ritchie, former Chairman and CEO of the Bank of Nova Scotia; Purdy Crawford, former Chairman and CEO of Imasco and now with Osler Harcourt in Toronto, Purdy is, of course, our Chairman Emeritus at the Institute for his outstanding service to AIMS. AIMS would not be what it is today without the support of this very fine man. Gerry Pond, another New Brunswicker, former President and CEO of NBTEL and now head of Mariner Partners who is here in the room. And, of course, David Mann, who is the MC of our event this evening, who has recently retired as CEO of Emera, the company that owns Nova Scotia Power, Bangor Hydro, and much more. And thank you, David, as well, for your efforts on behalf of the Institute.

Here, are also the faces of a number of other directors who have served the Institute, a number of whom are in the room this evening. They include some of the most distinguished leaders of our business, professional, and university communities in the region. And I really have to here say a word about John Irving, my New Brunswick Vice-Chairman, who chaired the organizing committee which made this magnificent event happen.

But, of course, if the Institute were merely a mouthpiece for the interest of people represented on the Board of Directors, not only would we not be credible, we would not be interesting. And that's why we have a formal and scrupulously respected policy at the Institute that all of these distinguished members of our board have no role to play in the research and publication agenda of the Institute. The Institute's directors only see our publications at the same time everyone else does, the day they come out.

So how do we ensure the quality of what we do? That's the job of the Research Advisory Board of the Institute, which is drawn from the universities and research institutes in the region and beyond. Robin Neill, from the University of Prince Edward Island, very ably chairs that research board which includes many of our finest minds, including Canadian Nobel Laureate in Economics, Bob Mundell, who teaches at Columbia University.

Now what have we actually done? What have we actually done with the backing of all these prestigious people and all the resources that we have been able to mobilize at AIMS? I obviously can't cover the scores of conferences and events, the hundreds of major publications or the thousands of speeches and media appearances that we have done out of the Institute, so I've chosen this evening to concentrate on just six things that we have done.

Four of them are Institute projects that have won the Sir Anthony Fisher Memorial Prize, named after the same Sir Anthony Fisher I spoke about at the outset. In recognition of Tony's work in support of the international think tank movement, a prize was created in his name to recognize the best work being carried out by think tanks all over the world. This is the most prestigious prize in the think tank world.

Nearly 200 think tanks in more than 100 countries around the globe are eligible and a maximum of three are given each year. They started giving them 16 years ago. So you do the math on how many have been given. I'm very pleased and proud to be able to tell you that we have won the Fisher Prize an unprecedented four times in our first ten years. No one else in the world has won it more times than the Atlantic Institute for Market Studies and no other institute has won it so many times in such a short period.

Now here are the four projects for which we won the Fisher Prize over the course of our ten years. Our very first book -- here's a copy. It's one of only three I know of that still exists around the Institute office. Our very first book, [*Looking the Gift Horse in the Mouth: The Impact of Federal Transfers on Atlantic Canada*](#) won not only the Fisher Prize but also huge media attention. Terry Corcoran writing then in the Globe and Mail, he's now, of course, the editor-in-chief at The Financial Post, captured the tenor of the commentary when he wrote, "Of all the gropings of economists, none has ever so conclusively demonstrated that Ottawa's massive transfer of wealth to Atlantic Canada has been worse than a failure."

And, of course, we got the highest compliment of all. We became the subject of editorial cartoons such as these two here, the one on the left showing one of our finance ministers in the region under the headline "Federal Aid Hurts Region, Crying Out 'Hurt me, Hurt me.'"

As a result of Gift Horse, it became respectable to think that dependence on massive transfers from Ottawa had been bad for us. We changed the climate of

public opinion in the region, in the country, in a way that was unthinkable just a dozen years ago.



Crowley provided the audience with a brief explanation of the five international awards earned by AIMS in its 10 year history. AIMS is the most decorated think tank in the world.

Our next project was on health care. David Elton, the head of the Max Bell Foundation, another very large foundation in Canada, phoned me up one day and he said, "Brian, my board is concerned about the state of the health care system in Canada. We want to give money to good people across the country to come up with solutions to our problems in the health care system. But my board also recognizes that we don't know much about the health care system and they want a kind of a road map for

understanding what needs to happen, how the health care system needs to be fixed. Can you write an analysis of Canada's health care system and the issues it faces and the solutions that are most promising and can I please have it in four weeks?"

Now never having worked on the health care system before, we swallowed hard and got to work. The result was a paper called [*Operating in the Dark: The Gathering Crises in Canada's Public Health Care System*](#). Not only did it win the Fisher Prize but Ralph Klein tabled it in the Alberta legislature and said it laid out a blueprint for the future of health care in this country.

Out of that arose my involvement with the Premier's Advisory Council on Health in Alberta chaired by former Deputy Prime Minister Don Mazankowski. The Mazankowski Report on Alberta's health care system was unanimously adopted by the cabinet of that province and government caucus in Alberta and received 80 percent support from the public in the polls. Don Mazankowski kindly called me the report's intellectual architect and I simply made him reproduce what we'd done in "Operating in the Dark."

In Michael Kirby's excellent Senate report on the future of medicare in the key volume five, the majority of the footnotes justifying the report's prescriptions for the future of Canada's health care system were either from "Operating in the Dark" or the Mazankowski Report.

Our third Fisher Prize was The Equalization Initiative. Now equalization is one of these things that makes everybody's eyes glaze over. I'm not going to talk to you

about the way the formula works. Don't worry. It's not going to hurt. Canada's equalization formula transfers billions of dollars each year to the less developed provinces. Its intentions are good but its complexity masks some perverse incentives that have caused many of our provinces to become too reliant on Ottawa and to abandon genuine efforts to develop the local economy.

We decided to start a national debate about equalization. Together with two other institutes, we invited Jim Buchanan, the Nobel Laureate and the father of equalization, to come to Montreal and give his reflections on equalization's practical effect 50 years after he originally suggested it as a theoretical possibility. And he concluded in his 50-year retrospective on equalization that its damaging effects outweighed its benefits.

Now not satisfied with criticism, and we are, contrary to what some people think, never satisfied just with criticism, we laid out a program for reform including changing the way that natural resources are handled within the formula. It was our two papers on that topic that were the direct cause of the political battle between Newfoundland and Labrador, Nova Scotia and Ottawa over natural resource revenues and equalization.

I was just in Saskatchewan where the same debate is now raging. And from an issue that made most people's eyes glaze over, we fashioned a compelling national debate that has been referred to in parliament, provincial legislatures, and the national media repeatedly over the last four years.

Our final Fisher Prize - final so far - we've only been around for ten years. Give us time. Our final Fisher Prize came for our work on our alternative royal commission on the future of medicare. As we watched Roy Romanow dribble out and advance his conclusions and we saw that his report was going to be a complacent defense of the status quo, we decided to show people what a report would look like that did not shrink from the real challenges of putting health care in Canada on a sustainable basis.

The result was the saucily named, [*The Definitely Not The Romanow Report*](#), which we released literally 48 hours before Mr. Romanow brought out his report. And the media take-up was absolutely stupendous. We were on the front page of the National Post. We had a major op-ed in the Globe. We appeared on over 40 major news talk and current affairs programs, including As it Happens and the CTV National News. Resolutions of congratulations were adopted in both parliament and the Nova Scotia Legislature when we won the Fisher Prize for this project.

The other two projects that I promised to talk about have not won Fisher Prizes, yet. Let me tell you about, first, our high school performance and accountability project. Thanks to the efforts of my right hand at the Institute, Charles Cirtwill, who unfortunately couldn't be with us this evening because of an illness in his

family, thanks to Charles' hard work we will soon be publishing our fourth annual high school performance report card rating every single secondary school in Atlantic Canada.

For this project, we have developed what is widely recognized as the most sophisticated high school performance rating system in Canada. Now the education establishment howled with outrage when we brought out our first report card and dismissed its findings, but they adopted our recommendations. Within a month of the first report card coming out, despite every province having said that they didn't think this was worth paying any attention to, every province in this region had announced new school performance and accountability measures.

And now, thanks to the generosity of John Risley, a former director of AIMS, we are expanding the report card project so that we can begin to recognize materially with cash prizes and awards top performing schools in Atlantic Canada, while also making available, for the first time that I'm aware of in this country, money in support for projects that will help weaker schools improve their performance. That's why we want to find out what's going on in the schools, not to punish weak schools but so that they can get the help that they need. That's why we have to find out how each school performs.

This will be one of the biggest and most sophisticated private sector efforts to improve and reward school performance that this country has ever seen. And now we're talking about taking it international and are in discussions with a number of U.S. state-level think tanks, including the Maine Public Policy Institute, to take our school performance measurement tools to their state schools. I'm glad to say that Betsy Chapman and other board members from the Maine Public Policy Institute are here this evening.

Finally, I want to talk to you about a project that is particularly close to my heart, Atlantica. In our role as thought leaders, we have been at the forefront of explaining to people in this region how the economic potential of our region is disrupted by the international border that runs through its heart and all that the border implies.

Even in an era of continental free trade, I will not steal the thunder of former Maine Governor Angus King, our special guest this evening, who doubtless will want to mention these and related issues. Let me just say, however, that you have at your place a copy of our latest ["Ideas Matter."](#) This one reviews the work of AIMS in not only creating the intellectual capital that allows people in this region to think of themselves in a new way, to think of themselves as living in two nations but one region, but also in bringing people together. You'll see the many events we've put on as well as ones we've been invited to. I've been to Maine dozens of times in the last two years, almost always to talk about Atlantica.

I was in Chicago in November to speak to 100 U.S. legislators about Atlantica. I was in Toronto just a few weeks ago to speak to a conference on continental trade quarters organized by Federal Minister Tony Valeri. We've been working closely with many partners to make this dream of a unified region a reality, a region that not only builds its own internal strengths but becomes a conduit for commerce at the confluence of three of the world's mightiest trade relationships.

This evening with its audience composed of Canadians and Americans working together for our common good, and our guest speaker, former Irish Prime Minister, Garret FitzGerald, bringing an inspiring message of how small jurisdictions have it in their power through good policy to become economic powerhouses, all of this is a testament to the vision that AIMS has had of where we are and, much more importantly, where we can go.

And I would be remiss if I did not tell you how proud I am that it was AIMS that ten years ago was the very first in Canada to popularize the Irish economic miracle in a book, [The Road to Growth](#), that was short-listed for the Donner Prize for the best book on public policy in Canada.

And since we seem to be talking so much of prizes, let me mention one final one. AIMS, in this its tenth anniversary year, is the recipient of a Templeton Prize for Institute excellence named for the world renown investment guru, Sir John Templeton who endowed it. This is also a prize for which hundreds of think tanks are eligible world wide. It recognizes not only excellence in specific projects but is an overall evaluation of the excellence of a think tank, its organization, its quality and its impact. We are the only institute in North America to be so honoured this year. And with our four Fisher Prizes and the Templeton Prize, we are one of the most decorated think tanks not in Canada, not in North America, in the world, in the world.

We are doing first class, world class, public policy work right here in Atlantic Canada. And that's why New Brunswick Premier Bernard Lord invited me to the floor of the legislature a few weeks ago and said, I quote, "For a decade now, AIMS has been an active voice on public policy issues in our region throughout Canada and internationally. And I believe that New Brunswick and the Atlantic Region, as a whole, benefit from the research on public policy and public policy alternatives that Brian Crowley and the Atlantic Institute for Market Studies undertakes each year. "

Thank you so much to each and every one of you for being part of this and sharing this evening of celebration not merely of the success of AIMS but of a region of which we are the ardent defenders and advocates.

Thank you, enjoy your dinner.