



SANDOR FIZLI

**Brian Lee Crowley: AIMS founder, economist, epicure, and necktie aficionado.**

# A change is gonna come

On the occasion of the 10th anniversary of AIMS, Brian Lee Crowley chatted with **John DeMont** about what the past decade has taught him

*Let's be honest: There's something a touch "captain of the chess team" about a tie imprinted with the frontispiece from Sir Isaac Newton's Philosophiæ Naturalis Principia Mathematica. But on Brian Lee Crowley—a big-time policy wonk, who also happens to play the Scottish smallpipes and co-owns The Queen of Cups, a gourmet teahouse in Dartmouth—it kind of makes sense. After all, many people have had an apple fall on their head, but only Newton used that experience to posit a unified theory of how the world operates. And Crowley is another guy who wants to figure out for himself how things tick. "One of the things that has always motivated me is to look past the conventional explanations—which don't really explain anything—to see the underlying principles of things," says the 50-year-old president and founder of the Atlantic Institute of Market Studies (AIMS).*

**Has AIMS accomplished what it set out to do?**

What I've learned is that it is very hard to be the first person to say something. But you quickly discover that once you've done it there are a number of people who in their heart of hearts know it is true and they take courage from the fact that you said it. And a new way of thinking has been legitimized, and the shape of a consensus shifts. When we came out with our first book 10 years ago, the thesis—that massive federal transfers on balance have been bad for Atlantic Canada—was a very unpopular thing to say. Now I think among business people, opinion leaders, and even policy thinkers in Ottawa and other places, there has been a lot of progress toward the conclusions we've reached. It's not popular in some circles, but it doesn't cause a sharp intake of breath around the room if you say it.

**What kind of progress has been made over the past decade?**

Economic growth is created almost exclu-

sively by innovation and change. I think that in last 10 years we've begun to make some progress against a cultural resistance to change. Big things are happening: immigration, Asian trade, offshore energy, the gas pipeline, and free trade—all these things are coming together to create opportunities for us. Look at the fact that the unemployment rate has come down significantly all through the region. If you've got increasingly critical labour shortages, the old refrain that there are no jobs and that the reliance on EI is justified can't be justified any more. Things are starting to change, and people are starting to realize these things can be good for us.

**In what areas are we still lagging?**

There are still too many government programs premised on the old view of Atlantic Canada and the notion that unemployment is the big problem to combat. My view is that for a number of years, our chief problem in the region has not been unemployment but labour short-

## interview



*"There are still too many government programs premised on the old view of Atlantic Canada and the notion that the big problem to combat is unemployment"*

ages. This is a region in which industries are begging for workers. Why are we paying seasonal workers to do nothing for seven months of the year when we should be giving them training and saying we don't want them going into seasonal industries; rather, we want them in much higher-value, value-added industries that operate year round? They'd feel better about themselves and it would be better for the region and better for the country.

### **Have we screwed up the offshore industry?**

That's a classic example of what's wrong with the way governments think about economic issues down here: a total focus on short-term job creation rather than building efficiency and productivity and attracting investment for the long term. If

we compare the offshore in Atlantic Canada with similar offshore bases in other countries, we have a regulatory regime that is much worse than anyone else's. Here companies have to spend significant money to explore, and to do so they have to get into a regulatory process where it takes two years to get permission to drill and they don't even know what the answer will be at the end. It's a big black mark against us. We've now established such a bad reputation with the oil and gas companies that even if we fix the regulatory regime, they are still convinced that there is an attitude here that oil and gas companies are not welcome.

### **What does LNG (liquefied natural gas) mean to the region?**

I worry about it being oversold as some

sort of major formula for industrial development and job creation, which is not to say that it's not important and won't benefit us. But the benefits are long term and subtle rather than short term and overwhelming. There really won't be a lot in the way of spinoffs unless we are able to develop through the offshore a critical mass of natural gas liquids for processing. The benefits come through the diversification of fuel supply and power generation and cheaper electricity for consumers. You've got the possibility of this area emerging as an energy hub, so we want to build its connection with different kinds of energy. The concern I have is that if the Saint John and Bear Head terminals come to pass, that would basically fill the pipeline and create some problems for the offshore. On the other hand, we want to

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*“One of the problems with monopolies, all monopolies, is that they transfer power from consumers to the people who provide the services. In my view we need to have choices in the health care system”*

see the pipeline filled and be economical, and LNG would make some contribution to that. I don't think people see that there is a trade-off here.

**Saint John has aspirations to become an energy hub. Is that realistic?**

There's a very real opportunity for Saint John. If the Point Lepreau nuclear plant refit does not go ahead, and maybe even if it does, there will likely be the need for some kind of gas-fired electrical generation. LNG could become a feed-stock for a gas-fired plant in southern New Brunswick. So you've got the oil refinery—one of the largest in the country—you have the LNG capacity, and you've got a connection to the Maritimes and Northeast Pipeline lateral. All of these things put Saint John in a good position,

just like Halifax is in a good position if it can get its act together on the offshore.

**Is your idea of Atlantica (a trade region that includes Atlantic Canada, New England, Upstate New York, and south-eastern Quebec) coming to pass?**

It never moves fast enough. The irony is that the Americans are far more aware of the opportunities than Canadians and certainly Maritimers seem to be. Washington has set aside \$1 million to do a multi-modal transportation study of the region reaching from Halifax right through New England and Upstate New York to the Ontario border because they understand that this is a single region, from the point of view of economic logic. Given the way world-trade patterns are shifting, there is going to be tremendous

growth in trade between North America and China, India, and Southeast Asia. The West Coast ports are pretty well at capacity; the Panama Canal is pretty much at capacity. The only way left is through the Suez Canal and the Atlantic route. That puts Halifax at a particularly strategic location. If this entire region is going to benefit, it is not enough just to have a port for those ships. You have to have a way to get the stuff off those ships and move it through the region on high-quality infrastructure, creating opportunities for distribution, manufacturing, and reprocessing well beyond Halifax as people tap that economic activity as it passes through.

**What is the future of health care?**

We have to calm down. Nothing is going



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*“We all have to render accounts to somebody. We all answer to bosses, shareholders, boards of directors, voters, or someone. I don’t see any reason why the public school system should be any different”*

to happen to compromise the existence of a large, well-funded, public-sector health care system. That is always going to be the backbone of the health care system in Canada. If you look at most European countries, they all have very large and well-funded public health care systems and small, marginal, private provisions that is kind of the canary in the coal mine. When the public system starts to get into trouble and the queues start getting too long, it starts to show up in the private system. And people start to wonder why all those people are being shifted to the private system. One of the problems with monopolies, all monopolies, is that they transfer power from consumers to the people who provide the services. In my view we need to have choices in the health care system. The Supreme Court

basically said we looked at the evidence from Sweden, France, and Britain. All of these countries have generous, well-funded, public systems. They’re not being destroyed by the existence of their small, parallel, private systems. So the argument that the Canadian system must have a monopoly to survive simply isn’t borne out by the facts. In these other countries, the private system becomes the safety valve for the public system.

**What can we do to fix the problems in our education system?**

We consistently perform behind our national peers and often do relatively poorly in international testing as well. I refuse to accept that our kids are any less capable than kids anywhere else in the country. That’s why we’ve created our

Atlantic High School Performance and Accountability Report Card. The public school system is essentially a monopoly, and what monopolists want is the easy life. We all have to render accounts to somebody. We all answer to bosses, shareholders, boards of directors, voters, or someone. I don’t see any reason why the public school system should be any different. I don’t see any reason why the people they render accounts to should be faceless bureaucrats who don’t pay the price of poor school performance. We need to be much less apologetic about setting high standards and then demanding proof that the standards are being met. We need to do more testing. Those results gives you information: what our students are learning, where they are learning it, which teachers are teaching it to

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## AIMS: the first 10 years, 1995 – 2005

**1995** AIMS opens its doors to fill a void in the public policy debate in Atlantic Canada.

**1996** Publishes its first book, *Looking the Gift Horse in the Mouth*, which analyses the huge government presence in the region and looks at reform of federal transfers.

**1997** Awarded the Sir Antony Fisher International Memorial Award for *Gift Horse*.

**1999** Publishes *Operating in the Dark: The Gathering Crisis in Canada's Public Health Care System*. The paper argues that no one collects the right information about the system's performance and that greater private sector participation in health-care provision is unavoidable.

**2000** Awarded a second Sir Antony Fisher Award for *Operating in the Dark*. Publishes *Road to Growth* and *Retreat from Growth*. These two books show how economies such as Ireland's escaped from chronic economic underperformance. *Road* and *Retreat* are short-listed together for the Donner Prize for the best book on public policy in Canada.

**2001** Triggers a national debate about equalization. Together with two other institutes, AIMS invites Jim Buchanan, Nobel Laureate in Economics, to revisit the case for equalization. Buchanan concludes that its damaging effects outweigh its benefits.

**2002** Receives a third Fisher Award for *The Equalization Initiative*, which includes a series of papers examining equalization and laying out a program for reform, which contributed directly to the political battle between Newfoundland and Labrador, Nova Scotia, and Ottawa over natural resource revenues and equalization.

**2003** Awarded a fourth Sir Antony Fisher Award for *The Definitely NOT the Romanow Report*, which was released 48 hours before the Romanow Royal Commission Report.

**2003** In collaboration with *Progress* magazine, AIMS releases its first High School Report Card, "Grading Our Future," which provides the broadest set of public-information data ever presented on the performance of Atlantic Canadian secondary schools.

**2004** The Atlantica Council is formed by business leaders on both sides of the border under the motto Two Nations, One Region.

**2005** Presented with the Templeton Freedom Award, which celebrates the outstanding work of the top think-tanks and their contribution to the public's understanding of policy issues. AIMS is the only institute in North America to be so honoured in 2005.

them or not. And then you need to act on that information.

### What is your view on protecting the environment versus creating jobs?

Those of us who are prone to an economic way of thinking constantly come back to the same theme: It is very clear that the wealthier a society gets, the more it demands that its environment be cleaned up. I don't agree that there is this trade-off—that somehow we buy jobs in economic development at the cost of the environment. When we start raising our standard of living, we start adding white-collar, post-industrial jobs as we clean up the environment.

### What do you hope the next decade brings to Atlantic Canada?

I hope to see a region that truly understands its real economic strengths, that has

become less dependent on politics, and that is better able to leverage its business opportunities. A region that understands that it's in a unique position in the world's transportation and trading system, that understands it has a tremendous opportunity as an energy hub, and that has removed politics from many of its important decisions about the fishery and other natural resources and manages to maximize the value for Atlantic Canadians. If we did that and learned to be much more intelligent about taxation and regulatory climate and government, I'm quite convinced we could have an economy with very little unemployment, with good-quality public services, and enough economic opportunities to go around. We're close to the tipping point where people will understand that economic opportunity serves them better than political opportunity. 🌐