

THE Q&A: BRIAN LEE CROWLEY

Canada can own 21st century, America's blowing its advantages

But the federal government must continue its path of free trade, tax reforms and fiscal prudence, argues author Brian Lee Crowley.

By BEA VONGDOUANGCHANH

Sir Wilfrid Laurier, Canada's seventh prime minister and first francophone to hold the top office, boasted in 1904 that the 20th century would belong to Canada. He was wrong, of course, but Brian Lee Crowley, author of the recently-released book, *The Canadian Century: Moving Out of America's Shadow*, says if the federal government continues its path of free trade, tax reforms and fiscal prudence, Canada can own the 21st century.

Mr. Crowley, managing director of the Macdonald-Laurier Institute for Public Policy in Ottawa who co-wrote the book with Jason Clemens and Niels Veldhuis, told *The Hill Times* last week that when Laurier predicted Canada's future, it "wasn't just pretty rhetoric." Rather, Laurier had a plan, Mr. Crowley said, but when he was defeated in 1911 over a free trade debate, Canada's subsequent governments got off track.

"We kind of forgot about Laurier's plan. We started to do many of the things that he recommended we not do. As a result, actually, the 20th century did not belong to Canada. Many of us got to the end of the 20th century and said, Gee, was that a missed opportunity?" said Mr. Crowley, who also wrote the best-selling book *Fearful Symmetry: The Fall and Rise of Canada's Founding Values*.

Among the parts of Laurier's plan was that Canada needed to engage with the U.S. instead of ignoring it, this included free trade. Canada also needed to "run public finances responsibly" and have smaller governments, Mr. Crowley said of the Laurier plan. And, Canada would need to create an economic advantage by lowering its tax burden below the Americans'. Mr. Crowley noted that Canada ignored this advice until 1988 when Brian Mulroney's Progressive Conservative government signed a free trade deal with the U.S. Slowly, policies reminiscent of Laurier's plan were introduced over the subsequent 10 years, which *The Canadian Century* calls the 'redemptive decade.'

"The reforms of the redemptive decade put us back on track for the Laurier plan," Mr. Crowley said, noting that free trade flourished, budgets for social programs were cut and the federal budget was balanced for the first time in a generation. "Once the redemptive decade was done, we then had a decade in which we outperformed the G7 pretty much every year in terms of economic

growth, in terms of employment, in terms of investment."

This is also one major reason that Canada was able to weather the global economic recession so well, Mr. Crowley said. "People's memories are so short," he said. "We went through a 25-year-long period basically in the '60s, '70s and '80s, early '90s, in which unemployment was always higher than at the trough of the recession. We went through a four-year-long period in which unemployment was always in double digits. This recession, Canada weathered this recession immensely well. I'm not saying there wasn't pain, I'm not saying there wasn't unemployment. All I'm saying is we have to keep in perspective what happened, compared to our past performance and the new trend that we created for ourselves out of this decade of reform."

With the U.S. in economic turmoil, and Canada's stable political and economic outlook, the

authors say that Canada now has the opportunity for a competitive advantage in the 21st century.

The authors conclude the book by saying that Canada's "redemptive" decade is a "great Canadian success story, one that is little known and even less appreciated by Canadians." They also write that Canada must remain vigilant in not going off Laurier's track. "That's the thing about the redemption: it is not a permanent state and the possibility of falling afresh is ever-present. The work of putting Canada firmly back on the path Laurier sketched out for us remains unfinished, yet the opportunity is doubled by America's confusion and loss of direction," they write. "The question now is whether Canadians will take up Laurier's challenge and finish the job."

The Canadian Century: Moving Out of America's Shadow, published by Key Porter Books, was released on May 21. The interview was edited for length.

Why did you write the book?

"I went to a conference and the conference was composed of about half Americans and half Canadians and a couple of the Canadians around the table began to realize that Canadians didn't know how great the Canadian success story was ... and Americans just didn't have a clue, and yet we saw that the successes that Canadians had enjoyed, that that was a story that Americans would benefit from knowing. We decided that we would write this book so we could tell Canadians what amazing reforms they had succeeded in putting in place that made us in many ways the envy of the world and so that we could say

was done, we then had a decade in which we outperformed the G7 pretty much every year in terms of economic growth, in terms of employment, in terms of investment. We most of the time were beating the States, and, of course, most of the time we had been in America's shadow economically. ...

"These things were policies and ideas that grew out of Canada's position in the world, our history and experience and they fit our character and our geography and our history. Nobody actually said there's a theme that ties this together. Nobody's said, 'Actually the fiscal reforms under Paul Martin and so on and the



The Canadian century: Brian Lee Crowley, pictured left, says the U.S. has squandered its advantages and is now blowing its opportunities. 'They're talking about trillion dollar deficits.'

Photograph by Cynthia Münster, *The Hill Times*

to the Americans, 'You know, for many years, you've kind of dismissed Canada as this sleepy, not very dynamic neighbour to the North, and you figured that you had everything to teach us, you had nothing to learn from us, and now actually the situation is quite different.' Canada has something to teach America about how to fix some of the very serious problems they're getting into."

Why don't Canadians know their own success stories?

"We're a modest self-effacing people, and there's something very un-Canadian about celebrating our success, with the possible exception if we win the Stanley Cup. ... I think part of the answer is nobody has taken the changes in the redemptive decade and put a narrative around them and said, 'Here's what we did, and here's what it accomplished.' For example, once the redemptive decade

free trade agreement and the GST reforms, that's kind of a continuum of ideas that relates back to Laurier.' ...

"It's not just about the substance of the reforms, because those were terribly important, it's also about how we did it. You know, America seems to me, increasingly to be locked in a kind of a terribly negative partisanship in which Republicans and Democrats can never seem to reach across the partisan divide and say, 'We need to do things for the good of the country. America's facing some very serious national challenges. Neither party can solve these problems on their own and we need to find some common ground so we can move forward.' ... Canada in that decade of reform, proved to be something that I think showed the way these reforms have to happen. I mean, the free trade agreement, even though

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Time for a joint committee of Congress and Parliament on Canada-U.S. issues

Brian Lee Crowley says it's 'notoriously difficult to get American politicians' attention on Canadian issue. Here's how Canada could.

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the federal Liberals opposed to the deal, you'll remember that the provinces were very much at the table, when the negotiations were going on and the vast bulk of them signed off. ... There was quite a lot of cross-party agreement there.

"If you think about the fiscal reforms, the fiscal reforms actually didn't just happen in Ottawa. The wave of fiscal reform started first in Saskatchewan with an NDP government after years of Conservative governments. The Conservative governments ran public finances in Saskatchewan into the ground. The Saskatchewan NDP said, 'We can't live this way, we have to live within our means.' They used to say at that time, that Saskatchewan was a Cree word for too many hospitals, and the NDP premier of Saskatchewan, closed something like 65 rural hospitals in one day because he said we can't afford this. [Other provinces followed suit.] ... This is a great achievement of the Canadian political class. We say lots of bad things about politicians, and they often deserve to have bad things said about them, but their successes should also be recognized and celebrated. That was part of what we wanted to do because the contrast with America is so stark."

Why did you write in your book that the U.S. squandered its advantages?

"America has been a magnet for immigrants, a magnet for investment, America is one of the most privileged countries on the face of the earth. They've had almost every advantage one could hope for as a country; tremendously educated population, and they for many years actually stuck a lot closer to the Laurier plan. If I think about what the elements are of the Laurier plan ... in my view, for a long time, they were proving the worth of Laurier's prescription. My view is that they're blowing it now.

"The way they're blowing it is ... they're talking about trillion dollar deficits, with a T. I mean this is just so unimaginably big. This is something that I don't blame on Barack Obama. He's inherited it, but he's continuing it, so I blame him for continuing it. He didn't create it. George Bush and Bill Clinton and others all made their contributions, but essentially they now have public finances that are out of control in the way Canada had public finances that were out of control in the early '90s. But they don't seem to be able to create that cross-party consensus in favour of what needs to be done for the country that Canada's political class was able to create."

You write in the book that "spending has ballooned out of control, not just in Ottawa but in many provincial capitals, including Toronto and Edmonton. The recession has now become simply an excuse for it to get even further out of control. These are exactly the circumstances that got us into the mess the Chrétien-Martin reforms rescued us from, and we cannot lose or squander such hard won progress. Like the dramatic reforms of the 1990s, Canada much move to balance the federal budget as soon as possible with no sacred cows protected." First of all, how do you think that will go over politically in this climate and in this recessionary economic time?

"We were quite careful about how we phrased that. We didn't say, cut it off tomorrow. I mean, we expect that it has to be managed carefully. The worst thing you could do right now is to plunge the country back into recession by a premature, or as the French would say a 'sauvage,' retrenchment. That's not what we have in mind, but what we do have in mind is going back to ... Laurier's prescriptions for Canada about smaller, smarter governments, exactly what Paul Martin talked about in his 1994 or 1995 budget speech. ...

"When we followed Laurier's prescription, ... we got all these benefits. We had higher job growth, in some years after the Martin-Chrétien reforms, in some years we had job growth that was triple the G7 average. I mean, Canada was a land of tremendous opportunity and even as we look at the recession, if you look at how shallow the recession was in Canada, compared to the United States or Great Britain or much of the rest of Europe or you look at how well our banks came out, we didn't have any bank bailouts. The only reason we had to bail out car companies was because Americans were bailing them out and we had to be at the table. ...

"So how is this going to play politically? Actually, I was quite heartened by the extent to which, if you leave aside the House of Commons, if you look at the attitudes of Canadians moving into the recession, the response to the government stimulus, and what they seem to be indicating what they want as the recession recedes, I think it's very clear that the average Canadian, if there is such a thing, actually is unhappy about having gone back into deficit and one of the most important things they're looking to government for is a return to fiscal responsibility. I'm not saying the recession spending is irresponsible. What I'm saying is it would be irresponsible to prolong it after the reason for it ceases to exist. ..."

So are you saying the States shouldn't have brought in their healthcare plan or other sacred cows Canadians believe are important?

"It's not that they shouldn't have. Economics for instance can never tell you what you want. Economics can only tell you what it will cost. What you want is your business. What we are showing in the book is if you look at American entitlement programs like social security, which they have not reformed—we reformed CPP—if you look at the state of public finances, they seem to be spinning out of control, and you add to that the inevitable spending increases that are going to be occasioned by this new health plan, you know, the total of that, in our view, is going to drag America into economic doldrums. Does that mean they should get rid of the Obama healthcare plan? No, what it means is they have to look at everything and ask themselves how can we reform what we've done, what we've got so that we're living within our means? When we decided to reform the CPP because it was unsustainable, we didn't get rid of it, we put it on a sustainable footing. ..."

So, in Canada, do you think we can go back to balanced budgets without harming any of the sacred cows?

"Yes, absolutely. Now does that mean things will be exactly as they were? No. ... I was at a talk by Carole Taylor, the

former finance minister from British Columbia, in Toronto a few weeks ago. She was being honoured and they gave her five minutes to talk about the single most important thing in the country and she talked about health care. She said, 'This thing is out of control, we have to fix it.' Fixing it doesn't mean junking it. We don't fix it to be mean. We fix it because if we want it, it's our responsibility to hand over this legacy to our progeny. We have to do it in a sustainable way. We can't take more out than we've put in, otherwise we pass along something that was less than we got. ..."

You argued for a 'new joint committee of Congress and Parliament on Canadian-American issues.' Why do you think that's important?

"It's notoriously difficult to get American politicians' attention for Canadian issues. Indeed, that does not surprise me. One of the issues becomes how do we entice Americans in continental issues that have a Canadian dimension? Part of the argument we make is one of the ways you do that is by giving politicians some authority, some decision-making power, some way to get profile for what their constituents and people that matter to them over issues that are of concern to Canadians and Americans? Since we have traditionally in Canada focused our

attention on relations between the Canadian executive and the American executive. I think we haven't succeeded in bringing Congress into that dialogue. ...

"We thought that by saying to senior American politicians, 'Look, many of you come from border states. Thirty-eight states have Canada as their largest trading partner. We've got this NAFTA agreement, we're partners in NORAD, we have structures already of joint decision making. Let's get Canadian and Americans legislators together, let's give them a mandate, let's give them a job to do. Let's give them a budget, let's give them issues that they have to report on to their two respective legislatures. Have them call witnesses,' it's the kind of theatre that politicians love, a context which they can bring to the table that are of concern to them. ...

"I think they will develop a personal respect for each other, and they will develop a collegial attitude of 'We've been given a mandate by our respective legislatures to solve the problems that plague the Canada-U.S. relationship' and I think they will rise to that challenge."

The Canadian Century: Moving Out of America's Shadow, by Brian Lee Crowley, Jason Clemens, and Niels Veldhuis, Key Porter Books, 262 pp., \$29.95.

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