

IDEAS

Crowley et al.: 'Laurier's belief in small government and pro-business policy has proven its worth. But governments keep returning to free-spending ways'

WHAT WOULD WILFRID LAURIER DO?

Three award-winning think-tank authors sketch a vision for Canada based on the pro-growth policies of our 7th prime minister

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As Canada endures its fourth federal election in less than a decade, many Canadians lament the absence of an overarching national vision. But while our current crop of leaders may fall short, Canada already has a blueprint for success — one that delivered in the past, and could do so again.

A little over 100 years ago, Canada's first French-speaking Prime Minister, Sir Wilfrid Laurier, offered our still-young country an inspiring vision. He believed in a nation based on freedom and unparalleled prosperity, which would lay claim to the 20th century just as the United States had defined the "American century" in the 1800s.

Laurier rightly observed that in a land of freedom and personal responsibility, the accidents of birth and social class did not determine one's opportunities. The rule of law and democracy freed citizens from the dictates of autocrats, creating space for people to make of themselves what they could, in pursuit of their vision of the good life. "Canada will be the star towards which all men who love freedom and progress shall come," Laurier promised.

To remain free, Laurier believed, Canada had to restrain the size of government. While the state was essential to progress, it also represented the greatest threat to our liberty. He called for small and limited government, responsible public finances and smart taxes. He further believed that Canada was fated by geography, history and shared interests to live cheek by jowl with the United States, with whom we should pursue constructive engagement and free trade, while seeking new markets wherever they could be found.

Laurier's vigorous pursuit of this vision coincided with one of the greatest booms in Canadian history. Canada welcomed vast numbers of immigrants, built two transcontinental railways, populated the prairies and increased both agricultural and industrial production.

That success alone might be enough to convince us of the merits of Laurier's vision. But there is another piece of evidence that we must consider



This undated photo shows Sir Wilfrid Laurier giving a speech while on the campaign trail.

when evaluating his ideals: what happened to Canada from 1960 onward, when we abandoned, and even repudiated, most of the tenets of Laurier's plan.

As was the case in most Western countries at this time, governments in Canada became increasingly interventionist. They introduced new programs and regulations, and expanded existing ones at both the federal and provincial levels. As a result, government's share of the economy rose from about 28% in 1960 to 53% in 1992. Over these three decades, the state's role changed from that of supporting to head, directing, controlling and allocating more than half the country's resources.

Deficits became the norm and Canada's debt swelled as tax increases failed to finance new spending. The fiscal discipline of balanced budgets and prudent spending that Laurier prized so dearly — and which dominated political culture for over a century — lay abandoned.

By the mid-1990s, deficits drove Canada's debt levels to alarming heights. Interest on this debt consumed over 30 cents of every dollar in revenue collected by the federal govern-

ment. Political and economic observers both in and outside of Canada predicted a day of fiscal reckoning. *The Wall Street Journal* desecrated our country "an honorary member of the Third World."

Governments also discarded other longstanding principles that had served Canada well. Our nation became increasingly protectionist, throwing up barriers to for-

Today's out-of-control government spending would have caused Laurier to shake his head in despair

class rose to the challenge with courage and determination. A "redemptive decade" of reforms ensued, beginning with free trade negotiations with the United States under the Mulroney Tories in 1988, and ending in 1997 with the first federal balanced budget in a generation under the Chrétien Liberals. While our political leaders did not invoke Laurier's name, this period's

reforms represented a return to his vision for Canada. A key turning point during this period was the 1995 federal budget. Then-finance minister Paul Martin outlined a new direction for the state. "We are acting on a new vision of the role of government," he said. "Smaller government — smart government."

The 1995 budget reduced spending and public sector employment to shrink the deficit and begin the process of debt reduction. Spending was re-

duced by nearly 10% over two years. Martin's reforms produced a balanced budget in just three years, and better value-for-money from many government programs.

Achieving a balanced budget was not an end unto itself. Putting its financial house in order allowed Ottawa to reduce personal and business taxes and promote economic growth and prosperity, by encouraging investment, savings and entrepreneurship.

As governments of all levels constrained spending, control over an increasing share of economic resources — labour, savings, ingenuity, and creativity — returned to individual Canadians, families and businesses. Government spending as a share of the economy fell from a high of 53% in 1992 to 40% in 2008.

The reforms of the redemptive decade and a return to Laurier's plan resulted in the outcomes he would have predicted. Our economy grew at an average rate of 3.3% between 1997 and 2007, the highest average growth among the G7 countries, including the United States. We outperformed the G7 average almost every year on business investment. And perhaps most importantly,

hope is to restore the equilibrium whereby there is a national party in power and a national party in opposition. But so long as nothing is done to sort out the problem of democratic renewal — ending the self-serving domination of parties in government and Parliament, and the domination of privilege in society — this will not happen.

Canada's democracy has reverted to a time 400 years ago, when the English king exercised tyrannical powers

Canada became a job-creating machine with average employment growth double that of the United States and greater than that of all other G7 countries. Such robust economic expansion benefited all Canadians, particularly those with lower incomes: Poverty fell by nearly 40% in the decade following these reforms.

Laurier's plan for Canada has proven its worth. And yet in more recent years we again have wandered off course. The recession is partly to blame. But even before the financial crisis, governments began falling back into their free-spending ways, including the Conservative government in Ottawa, whose record at controlling spending would have caused Laurier to shake his head. Corporate tax reductions, which represent a critical step back to prosperity are under attack, the equivalent of Canadians tying one hand behind our backs, in the words of one former federal finance minister.

Every time this country faces a major political choice, such as this election, we are offered the chance to move closer to, or further away from, Laurier's vision. The 21st century could indeed be the Canadian century. But laying claim to that title requires us to keep our eye firmly on the prize: a land of freedom and prosperity, and the plan that Laurier bequeathed to get us there.

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ELECTION 2011: THE OTHER PARTIES

This sham of a 'democracy'

In the din of an election campaign, it's hard for so-called "fringe parties" to make their voices heard. This week, the National Post gives smaller parties the chance to tell you what they're all about — and why you might consider giving them your vote.

ANNA DI CARLO

Elections are said to be one of the most important features of a modern democracy. They are sup-

ing of consumer goods. Polls tell the which party is winning or losing, shaping their message and reducing electors to their given role as spectators and voting cattle. Whatever control people exercised in

lie's right to an informed vote.

The result? Instead of being informed, the public is disoriented. Everything becomes a matter of individual calculation: What's in it for me? This, at a time when everyone is forced to fend for themselves, in an economy

Our cartel political system

is the electoral mechanism of

self-serving. The very idea that elections are a guarantee of democracy, of majority rule, and that the party in power represents "the mainstream" lies in total disrepute.

Canada is even attempting to propagate this phony democracy abroad. Our government is participating in a war coalition to impose a variant of it on the people of Libya — with Tomahawk missiles, no less. In Haiti, where Canada also helped eject an elected leader not to its liking, a president was just declared elected with a 67.5% majority — but only 25% of the electorate cast a ballot. This "majority" thus represents 16.7% of

of the people. These cartel parties, and the monopolies and mass media that support them, want to exclude people from deciding on the priorities, policies and direction of the economy and the agenda for the coming parliament, not to mention crucial questions of war and peace, and the national interest. Our cartel-party-dominated system is the political expression of the monopoly right and power that run our economic affairs. This must change.

A vote for the Marxist-Leninist is a statement that Canadians want to exercise control over the decisions that affect their lives and that,