Thursday, January 25, 2001

CTF Throne Speech

Mr. Prime Minister, next week, Governor General Adrienne Clarkson will stand and deliver your government's Speech from the Throne.
Given the lack of vision offered by your Party during last fall's election (other than vote for us because you should be afraid of everyone else), it only seems fitting to offer up a few ideas for your consideration. Please feel free to lift any or all ideas contained herein.

A Throne Speech must not only offer a clear and compelling vision but a manageable plan to achieve that "vision." In this spirit, a bold vision would be to build upon Sir Wilfrid Laurier's pronouncement made before the Canadian Club in Ottawa back in 1903. To revise and paraphrase: the 21st century should belong to Canada. We could assert our "benevolent dominance of our place on the world's stage." While you may at first dismiss the juxtaposition of these words, remember, last week in New York Paul Martin spoke his "rational exuberance" for Canada's economic prospects.

To assure our "benevolent dominance", three key themes must be addressed in the Throne Speech: 1) shaping the new economy, 2) challenges and responses of governance, and 3) promoting cross-generational fairness. Neither these themes nor the policy priority list that follow are exhaustive. Nonetheless, they do form the basis of a cogent framework that can, and should, be brought forward.
To begin, the new economy is here. Canada needs to ensure that its citizens are equipped to compete in this hyper-competitive world. Rest assured, this is not a call for 1970s-style massive state intervention. Instead this preparation of the citizenry has more to do with creating an environment as opposed to creating new and costly government programs.

On the fiscal front, while October's mini-budget substantially moved the yardsticks down the tax cuts field, a sustained and even more aggressive focus on tax relief and tax reform is necessary especially in light of President Bush's 10-year, $1.6 trillion tax relief plans. Going further on the tax reform front, Ottawa must better balance its tax mix away from its heavy reliance on income taxes (personal and corporate) toward consumption taxes and other less distortionary sources. These efforts should be coupled with expenditure reductions through accelerated privatization (read: DND base management, government wide fleet management, and further IT integration) plus crown asset divestitures.

Where government can play a role, either directly or more likely, with private sector partners, is in the replacement and upgrade of public infrastructure. Everything from highways to water and sewage treatment plants to community institutions such as libraries or hospitals must be fixed and/or built to meet the current and future needs of community and commerce alike. The challenge for Ottawa (and the provinces) is to devise initiatives that meet these needs while avoiding our shameful legacy of augmenting justifiable expenditures with pork-barrel projects such as canoe museums, bocce ball courts and river fountains.

Still with the new economy, a double-edged focus on trade is mandatory. Looking abroad, escalation of trade wars (as Ottawa has done on the Brazilian front) is not in the interests of our long-term economic survival. Government subsidies should not been seen as a source of competitive advantage, no matter how specific or short-term politicians assert they will be. Instead, Canada's corporate elites should demand that Canada assert a more aggressive stance in future trade negotiations that aim to level the playing field. And government, in this case, should dutifully comply.

Closer to home, it would be nice if Ottawa actually did something about reducing interprovincial trade barriers. Let's be honest, the 1994 Agreement on Internal Trade (AIT) is nothing more than a book with chapter titles and no text. Most of the AIT's deadlines have not been met. It is the federal government's role to make our internal economic union work, period. We must ensure that goods and services can move as freely between Quebec and Ontario as they do between Manitoba and North Dakota (and these states aren't even contiguous).

Finally, on the new economy front, the federal government cannot continue to ignore Canada's number one economic generator: our urban regions. In 1867, one out of five Canadians - or 20 per cent - lived in urban centers; today, this number is 82 per cent. Our cities are being asked to deliver public transportation, infrastructure, policing and a myriad of social services on an inadequate property tax base. This fiscal strain is further exacerbated due to continuous service downloading from the feds and the provinces in the absence of consequent funding transfers. If we continue to cut taxes and services in Ottawa and the various provincial capitals (which we support) but simply increase property taxes and user fees by an equivalent, if not greater amount, are we any further ahead? Yes, municipalities must be more creative in addressing these pressures (read: alternate service delivery), but higher orders of government must also arrive with an expedient and appropriate policy response to this serious problem.

Moving to the second theme, a renewed focus on governance is critical. Canadians are way ahead of Ottawa's mandarins and policy elite on this file. A recent Conference Board study found that taxpayers are demanding concrete performance results as the best measure of the value of our welfare state programs. And they have grown tired of government spin-doctors all too eager to deflect criticism with shallow analyses of how much we spend on health care or aboriginal affairs. Results are what matter, not rhetoric. This is the governance challenge for our professional bureaucracy - focus on outputs, not inputs.

On the other side of the divide, the challenge for elected officials is not devising solutions, but finding the political will to implement them. A number of parliamentary reforms have been suggested including free votes, more meaningful committees, overhaul of the MP pay and compensation package and voting reform. Any or all of these changes would be welcome. If MPs (and Senators for that matter), wish to regain a position of relevance in public life, this destiny rests in the palms of their hands. You could build momentum for a rejuvenation of the role of the MP as an effective advocate for one's constituents by committing to a program of parliamentary reform in the Throne Speech; the rest would be up to our 301 MPs.

Arriving at our final theme, a concerted effort is necessary to tackle serious issues of cross-generational fairness including the national debt, health care reform, public pensions and the ticking time bomb of aboriginal policy. Canada's net debt stands at $565 billion, that's over $18,000 for each of our 31 million citizens. This staggering sum is, plainly put, the result of cowardly intergenerational tax evasion. A legislated schedule of debt reduction with a commitment to reduce it to zero by mid-century - at the latest - would be a good start.

As for health care, Canadians still thirst for a satiating debate on the future of medicare. The government must signal its intention to engage Canadians in this debate. It should include discussion of the modernization of the Canada Health Act (for example, the principles of quality, accountability and sustainability come to mind) along with an admission that the private sector is part of the solution and the deployment and adoption of international best practices to our soil. Given that most opposition parties are entering a protracted period of introspection, the next 18 months, and definitely before mid-mandate, would be the ideal time to convene such a debate with minimal partisan posturing.

Apart from tax cuts, another spill over effect of the Bush Presidency will be "Dubya's" plans for partial privatization of the America social security framework. No doubt, this will reinvigorate interest in the sustainability of our public pension scheme. While government actuaries tell us that the CPP is stable, according to an HRDC survey, 75% of Canadians disagree. And with good reason! CPP premiums today stand at 7.8% and their on their way to 9.9% by 2003. In 1966 at the time of the CPP's inception, we were told these premiums would never rise above 5.25% and that they would only reach 5.1% by 2025. The future has come a lot sooner than they predicted. But the government has already partially admitted failure on this file by setting up the CPP Investment Board to invest a small percentage of CPP funds in market instruments, and to their credit, the results so far have been impressive. The next logical step is to let Canadians invest this money themselves: after all, it is their money. Canada would do well to acknowledge the inevitability of this debate and prepare for it, as the unfunded liabilities in the CPP are similar to the national debt, yet another example of intergenerational tax evasion.

The final chapters on cross-generational fairness harkens back 30 years to a White Paper on aboriginal affairs in 1969. In it, the alarm bell was sounded about issues of horrendous living conditions and other social ills plaguing our First Nations. Today, things have become worse, not better. Almost two-thirds of our First Nations peoples are under thirty-five years of age and their statistics with respect to spousal abuse, substance abuse and teen suicides are nothing short of a national tragedy. Devising a series of reforms in concert with aboriginal leaders including individual property rights, true and accountable band governance and abolition of the Indian Act (Canada's version of institutionalized apartheid) would all be steps in the right direction.

The challenge in next week's Throne Speech is to accommodate a variety of interests while still moving forward with a compelling vision for Canada. The ideas presented above will hopefully contribute to this endeavour. Once again Mr. Prime Minister, feel free to borrow - liberally if you must, any or all of them.

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