



THE MACDONALD-LAURIER INSTITUTE



“TRUE NORTH IN CANADIAN PUBLIC POLICY”

The Canadian Century

Moving Out of America's Shadow

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Fellow, Macdonald-Laurier Institute



from the distinguished author
of the best-selling
THE CANADIAN

**THE
CANADIAN
CENTURY** moving
out of america's shadow

BRIAN LEE CROWLEY | JASON CLEMENS | NIELS VELDHIJS

Sir Wilfrid Laurier once famously said
that the twentieth century belonged to Canada.
He was absolutely right; he was merely off by 100 years.

In stores May 2010

FENN KEY PORTER BOOKS

Presentation Outline



- **Laurier's Vision and Principles for Prosperity**
- **Canada Loses Its Way**
- **The Redemptive Decade**
- **U.S. Loses the Script**
- **The Canadian Century**



The Canadian Century: Laurier's Aspiration for Canada



Canada has been modest in its history, although its history, in my estimation, is only commencing. It is commencing in this century. The nineteenth century was the century of the United States. I think we can claim that Canada will fill the twentieth century."

Sir Wilfrid Laurier, 1904

Laurier's Principles for Prosperity



- Prosperity grows from liberty's soil.
- Limited government, light taxes, and fiscal discipline.
- Self-confident engagement with the Americans.
- Free trade.





Canada's 1965-95 Experiment

Deviating from Laurier's Vision

Deficits & Debt

Trade Diversion

Increasing Unemployment

Higher Taxes

Increasing Interest Rates

Increasing Dependency

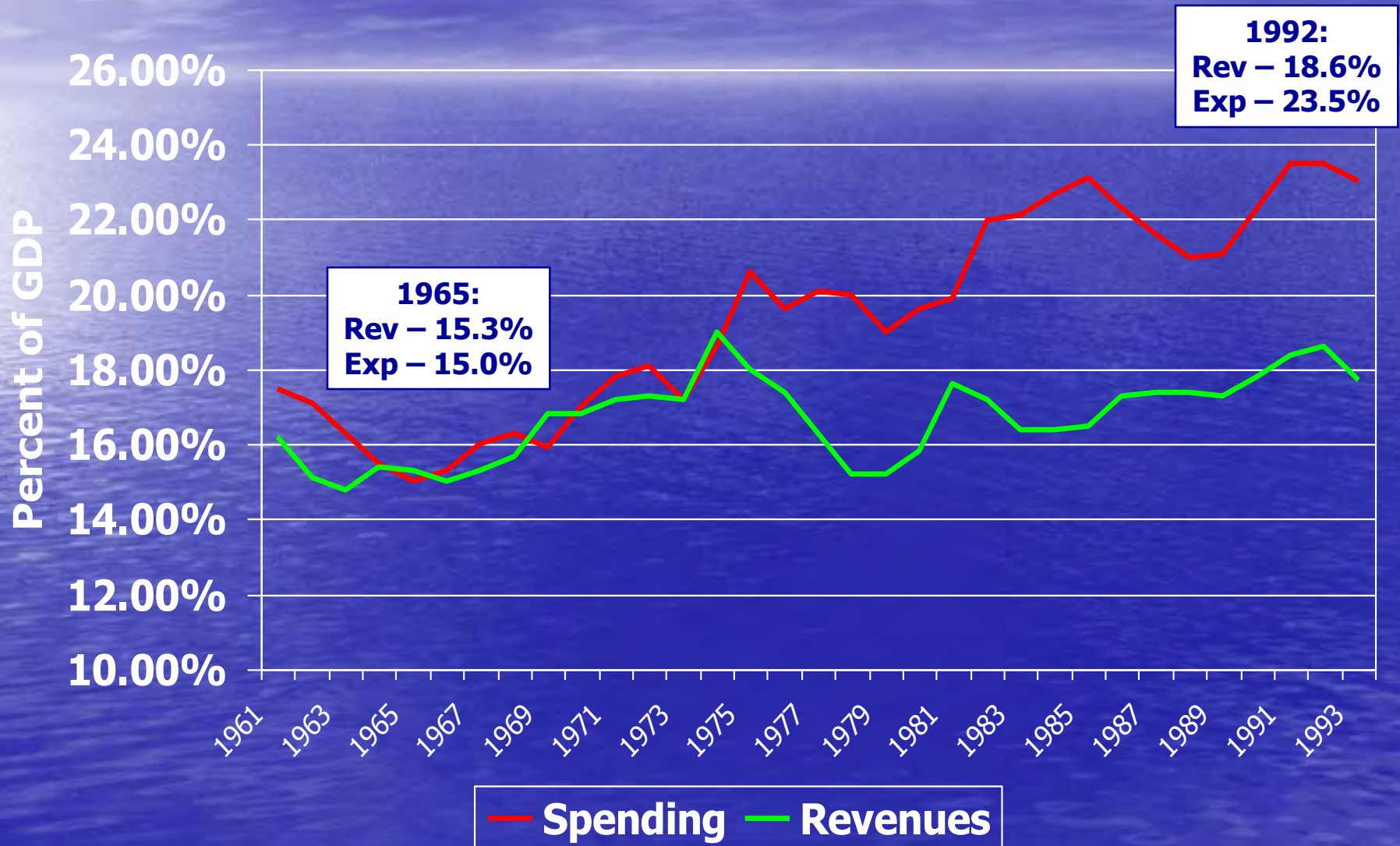
Stagnating Investment

Mounting Debt

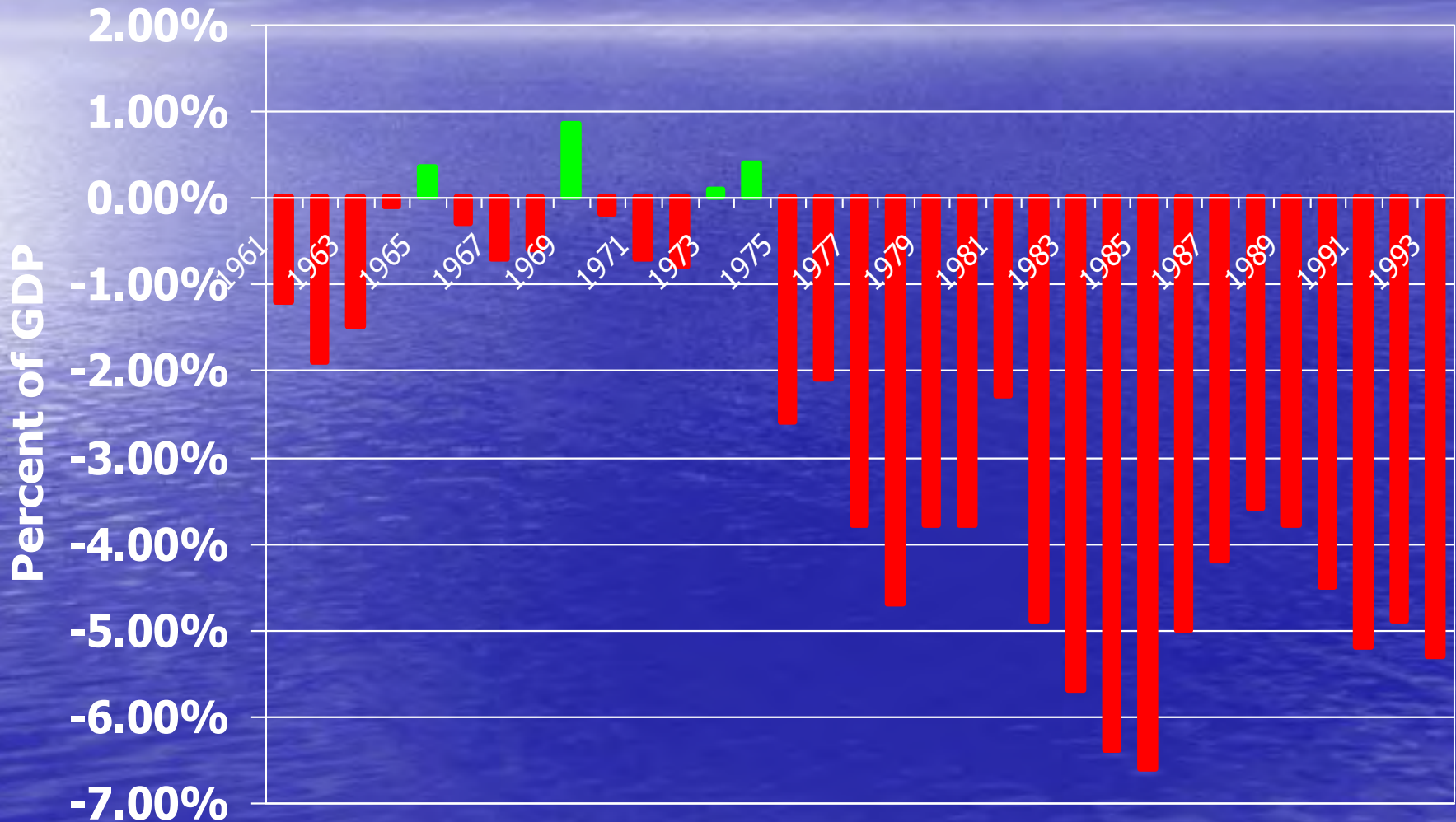
Rising Inflation

Stagflation

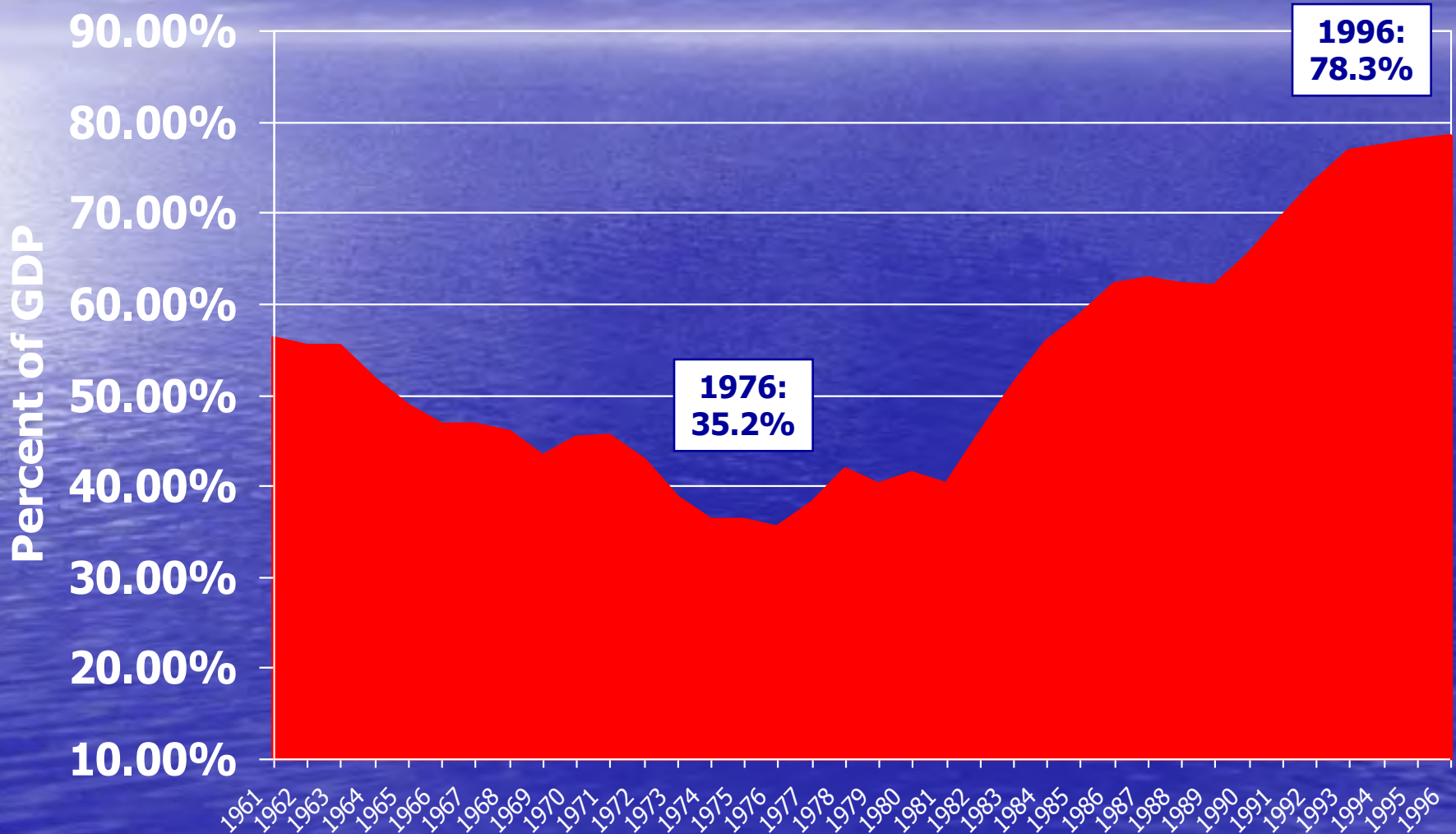
Federal Revenues and Spending (1961-1993)



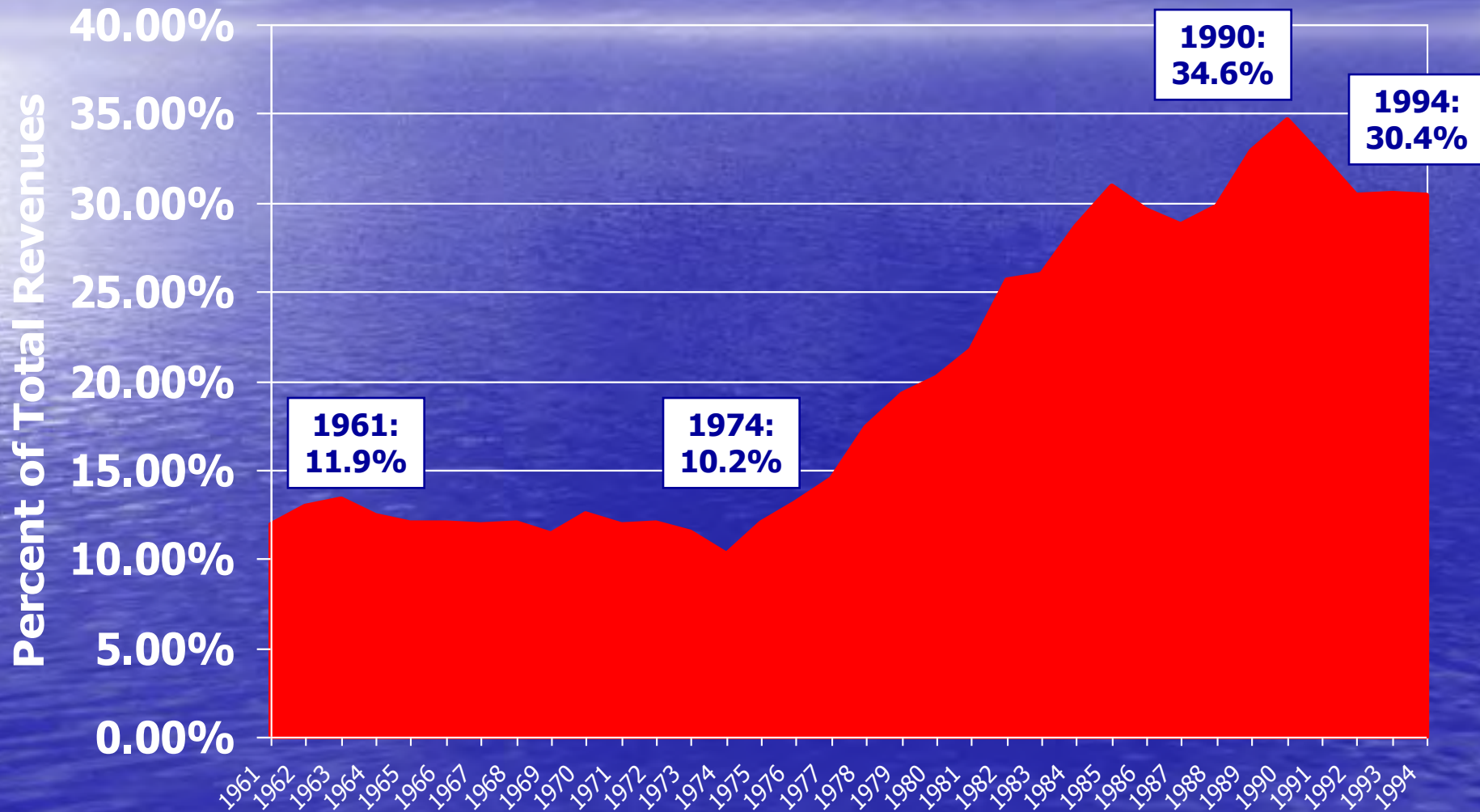
Federal Deficit / Surplus (1961-1993)



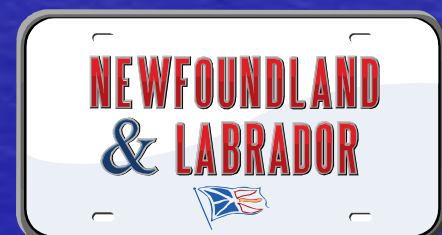
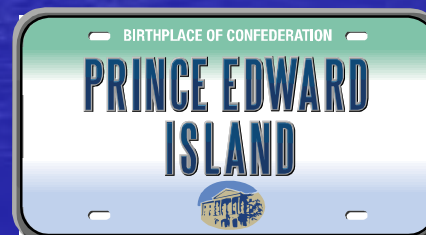
Federal Accumulated Debt (1961-1996)



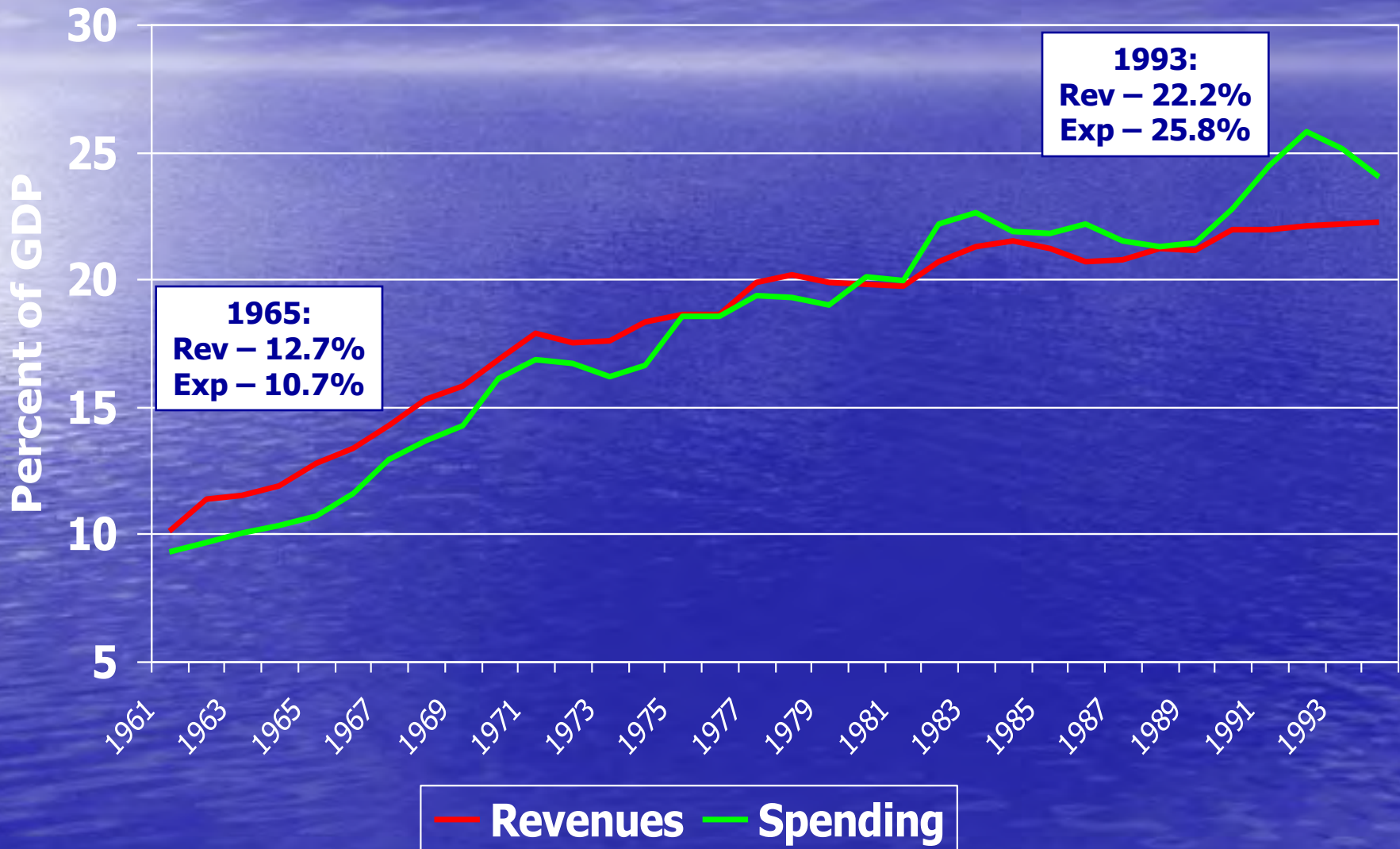
Federal Interest Costs (1961-1994)



Provinces Exacerbate Problems



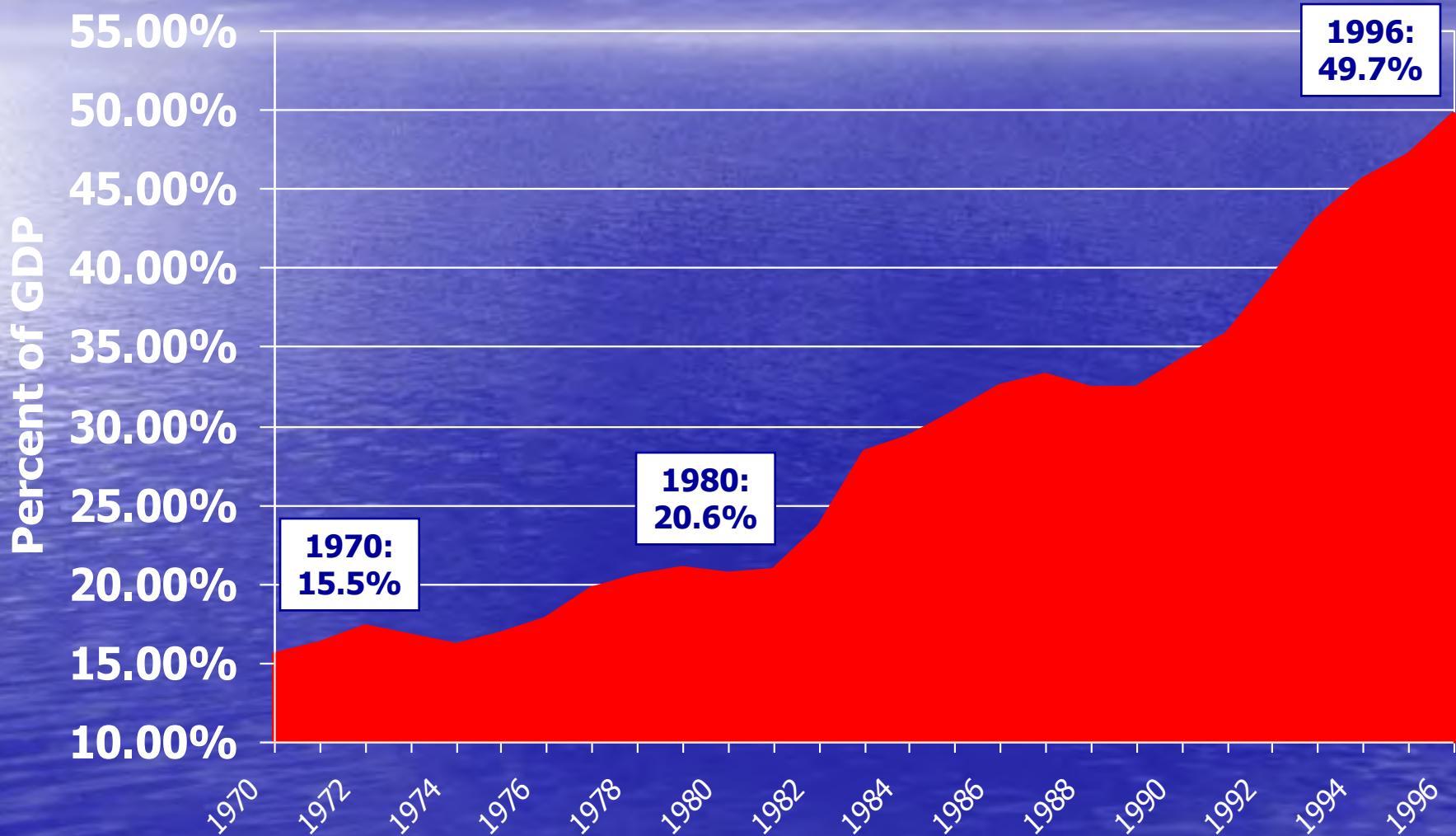
Provincial Revenues and Spending (1961-1994)



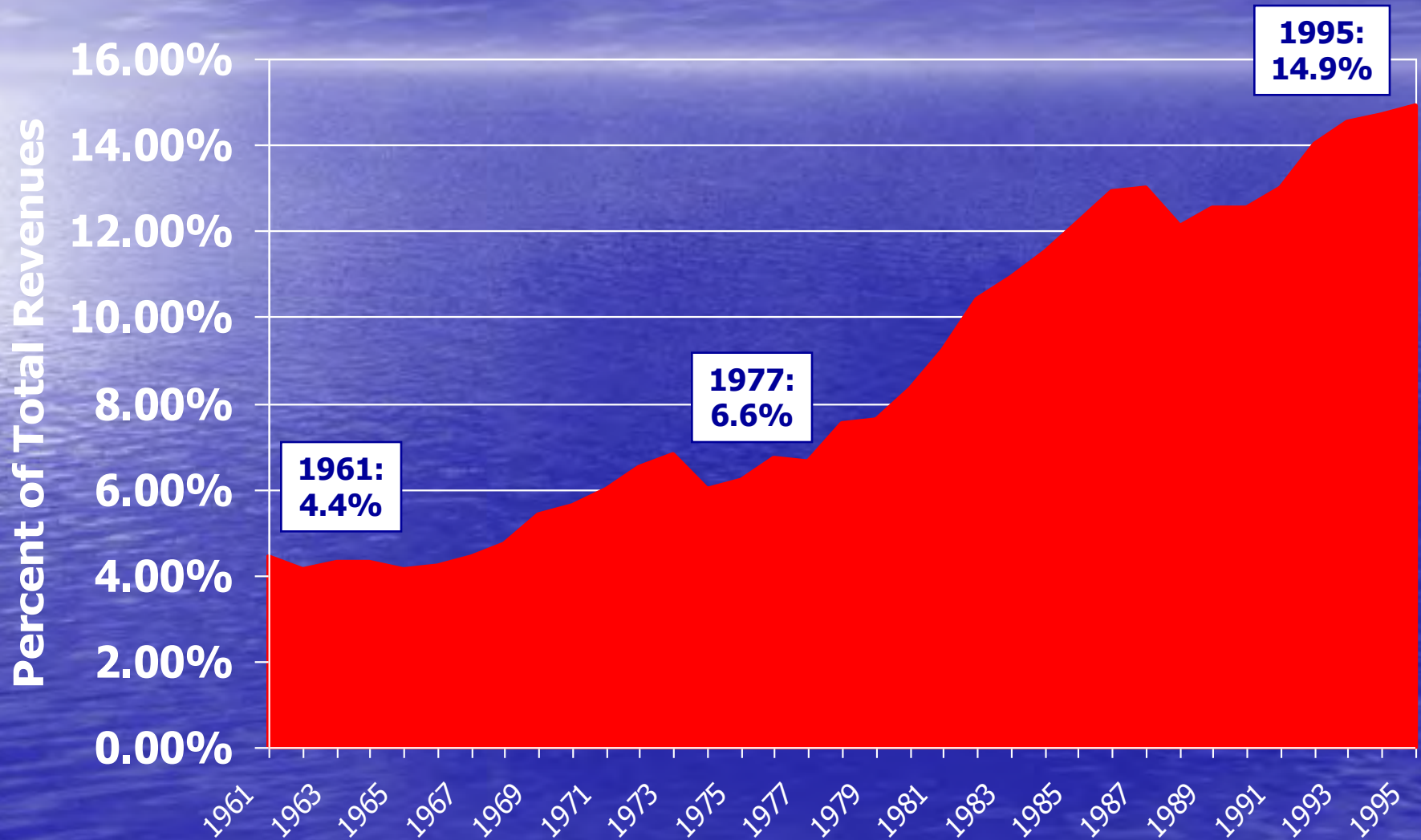
Provincial Deficit / Surplus (1961-1993)



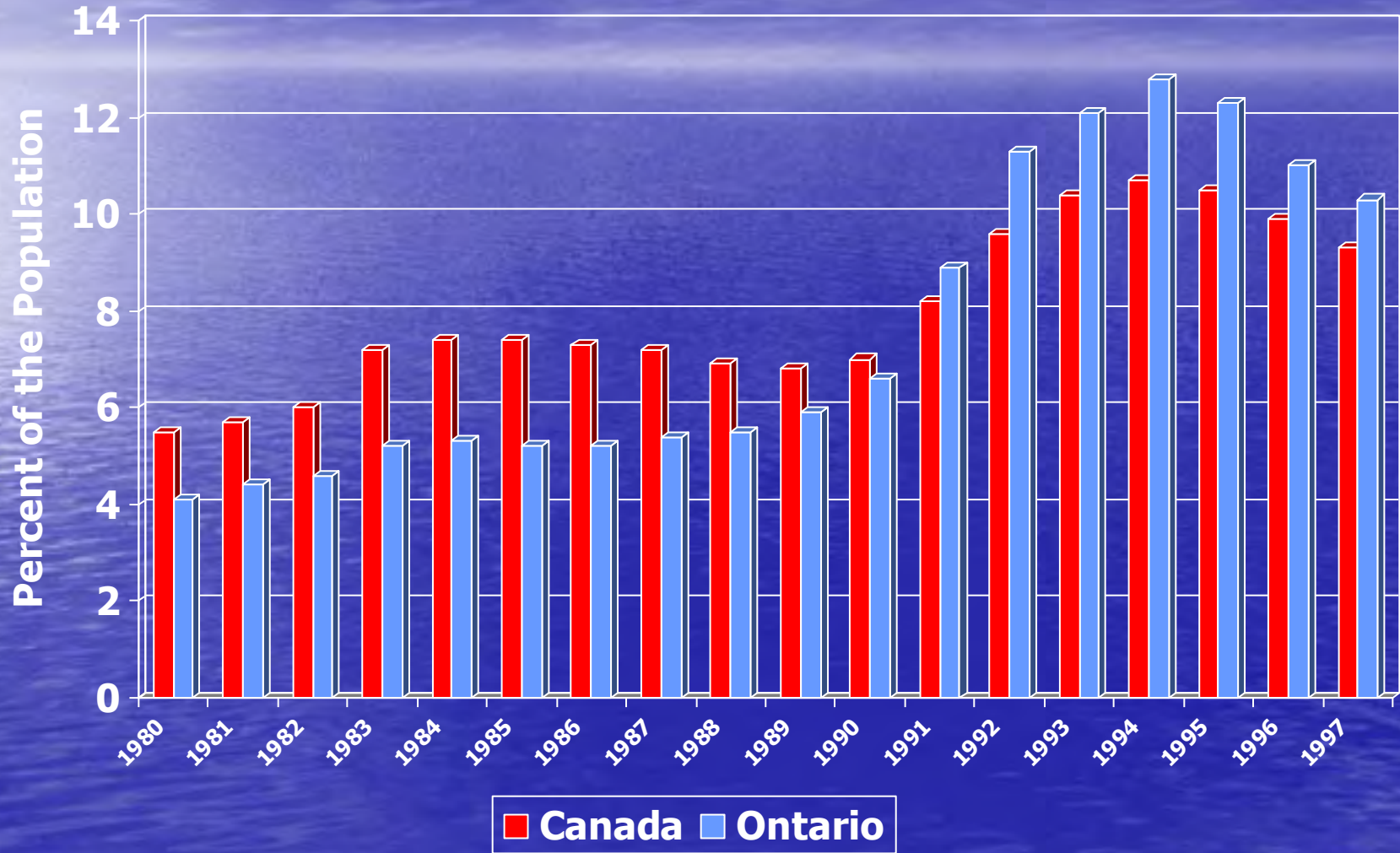
Aggregate Provincial Debt (1970-1996)



Provincial Interest Costs (1961-1995)

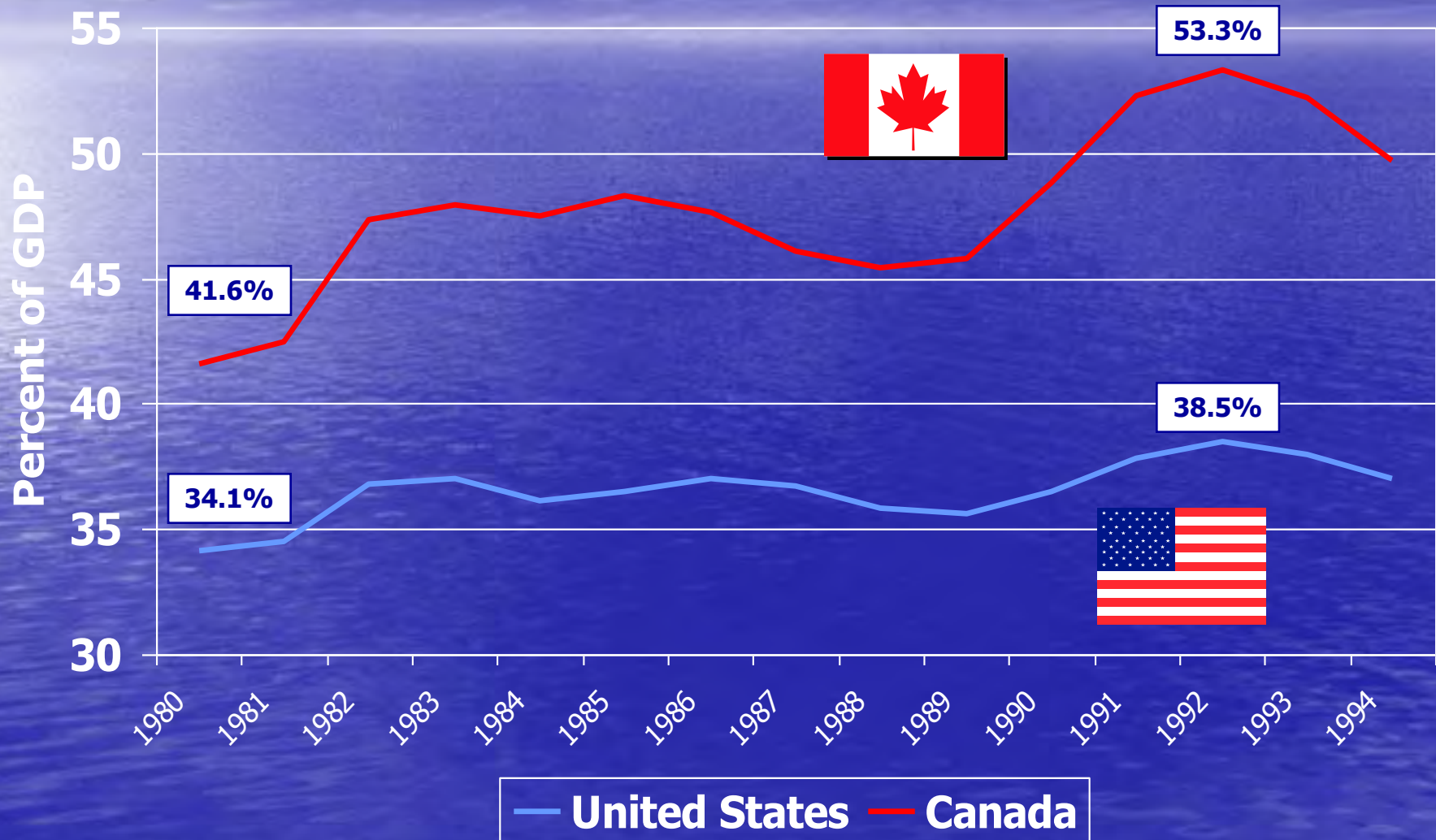


Rise of Dependency



Source: Frenette and Picot (2003); Statistics Canada.

Total Government Spending as a Percent of GDP (1980-1994)



Balanced Budgets

Free Trade

Lower Unemployment

Lower Taxes

Low Interest Rates

Reduced Dependency

Increased Investment

Reduced Debt

Low Inflation

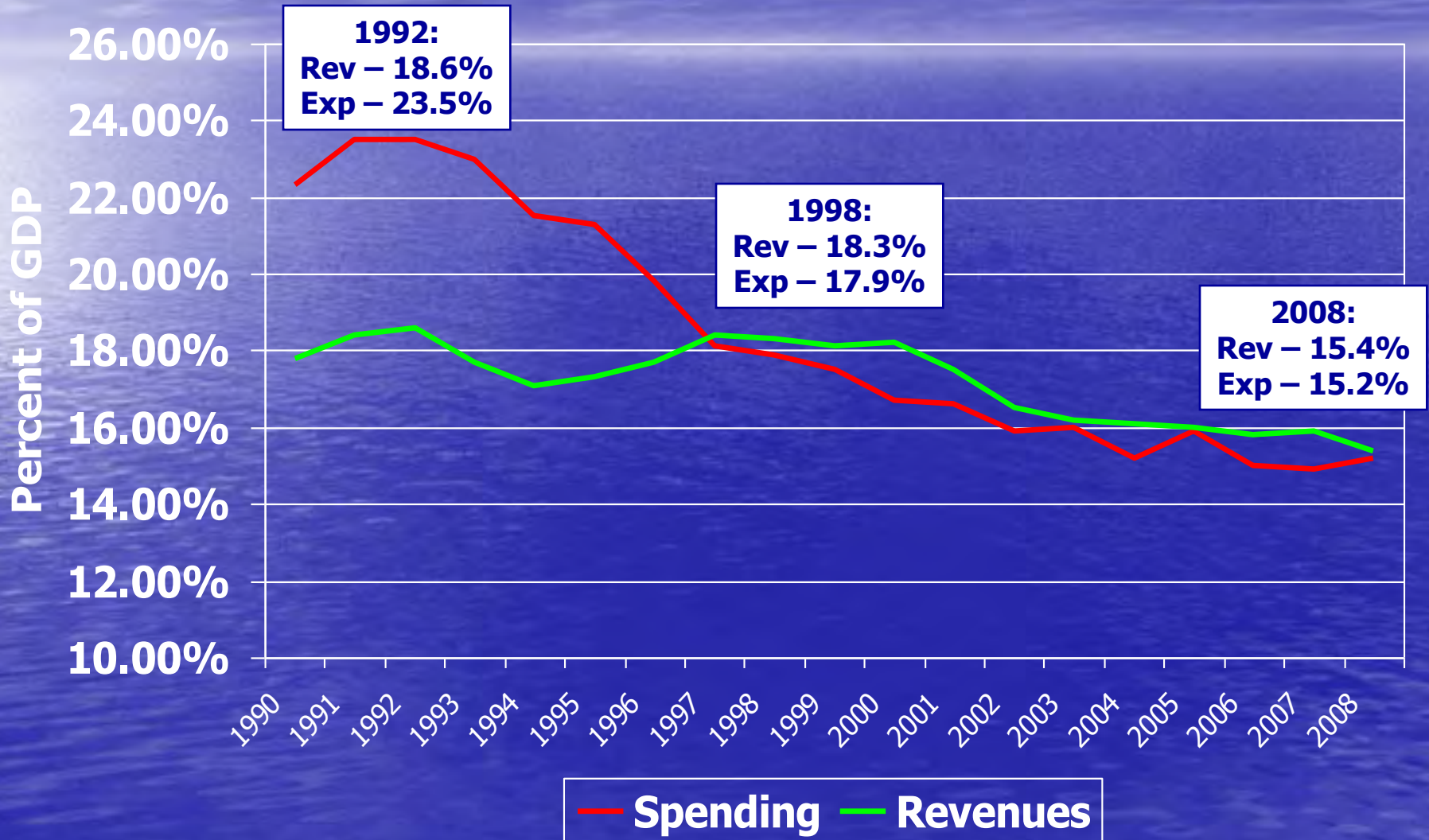
Economic Growth

The Redemptive Decade

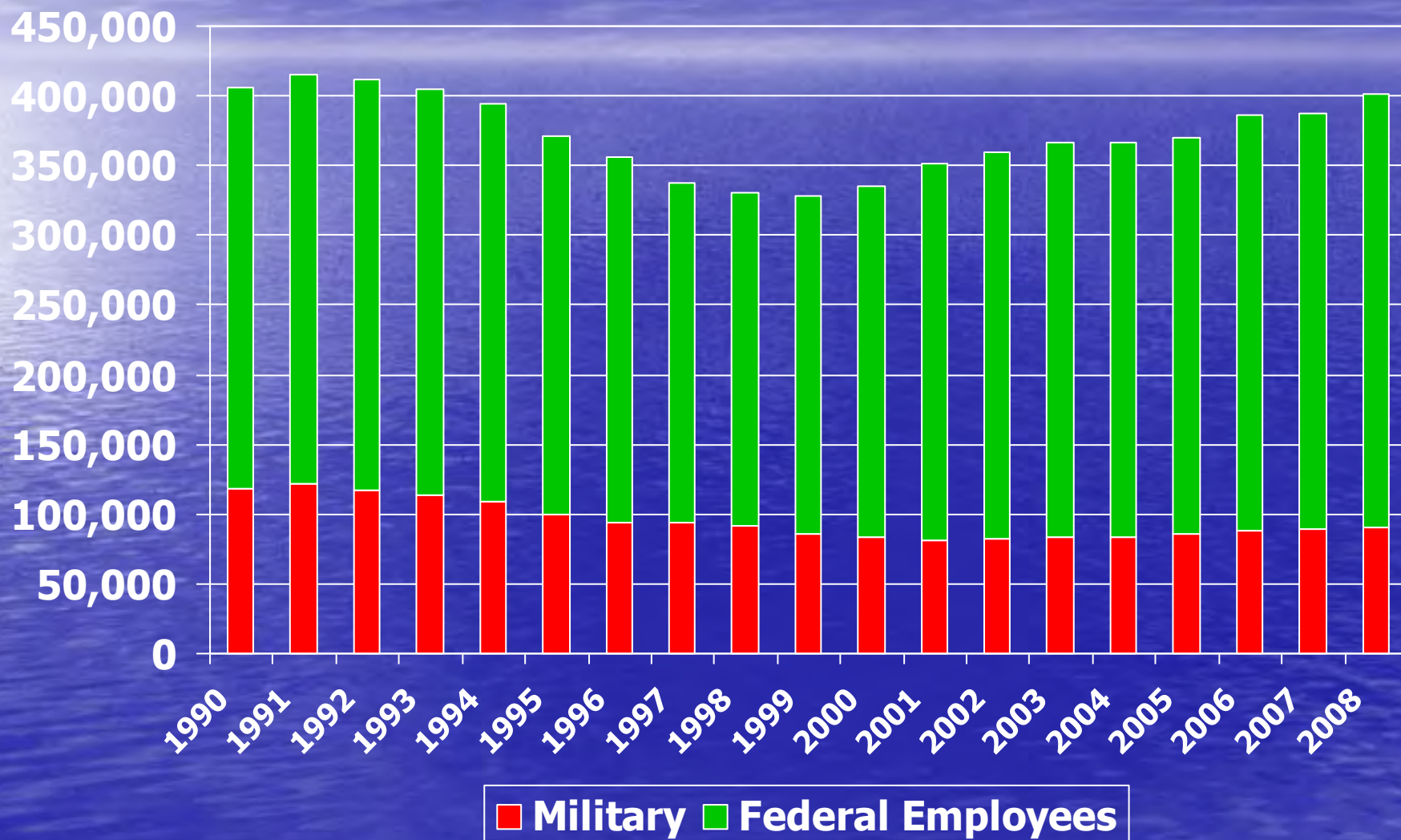
Returning to Laurier's Principles



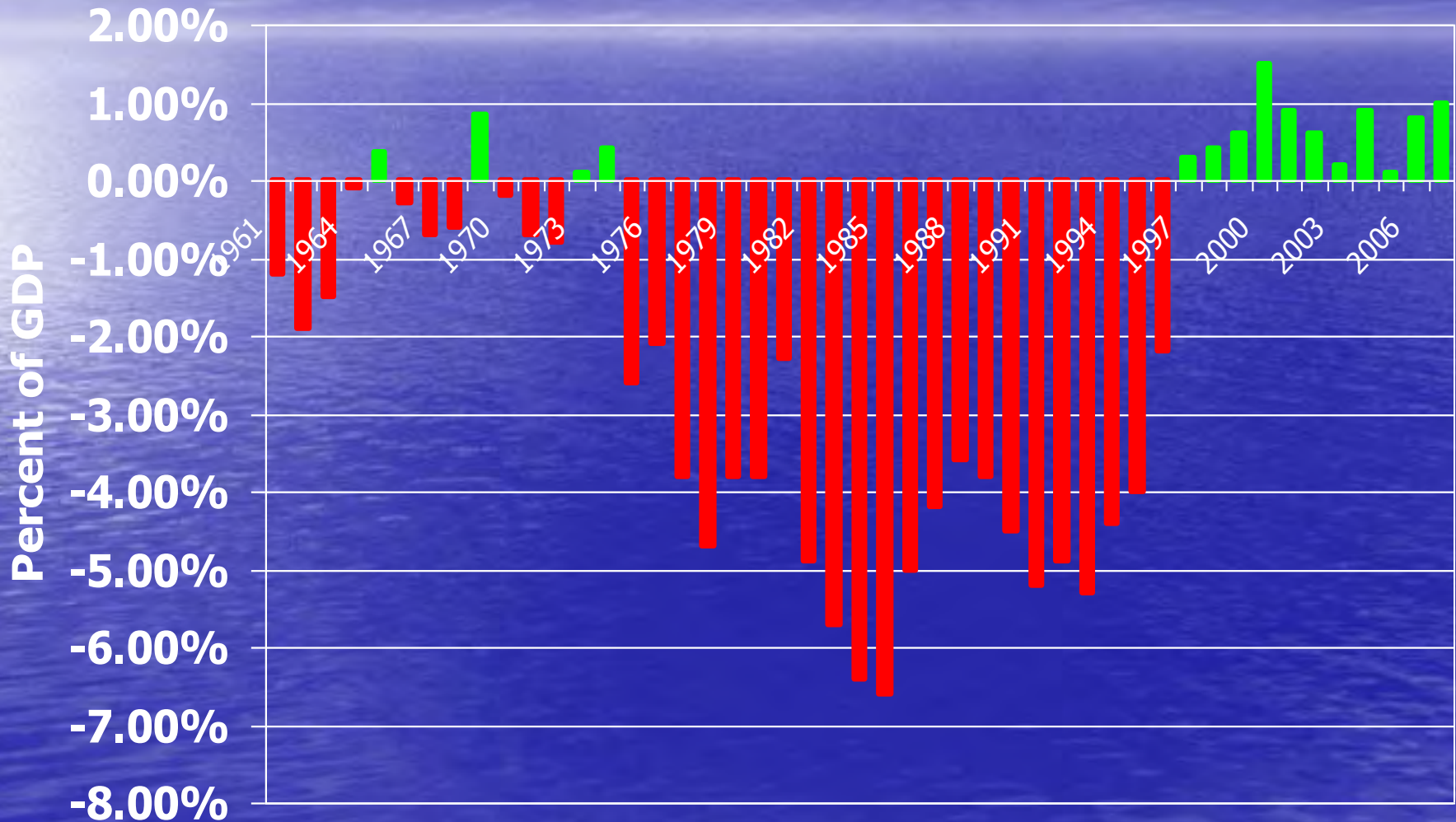
Federal Revenues and Spending (1990-2008)



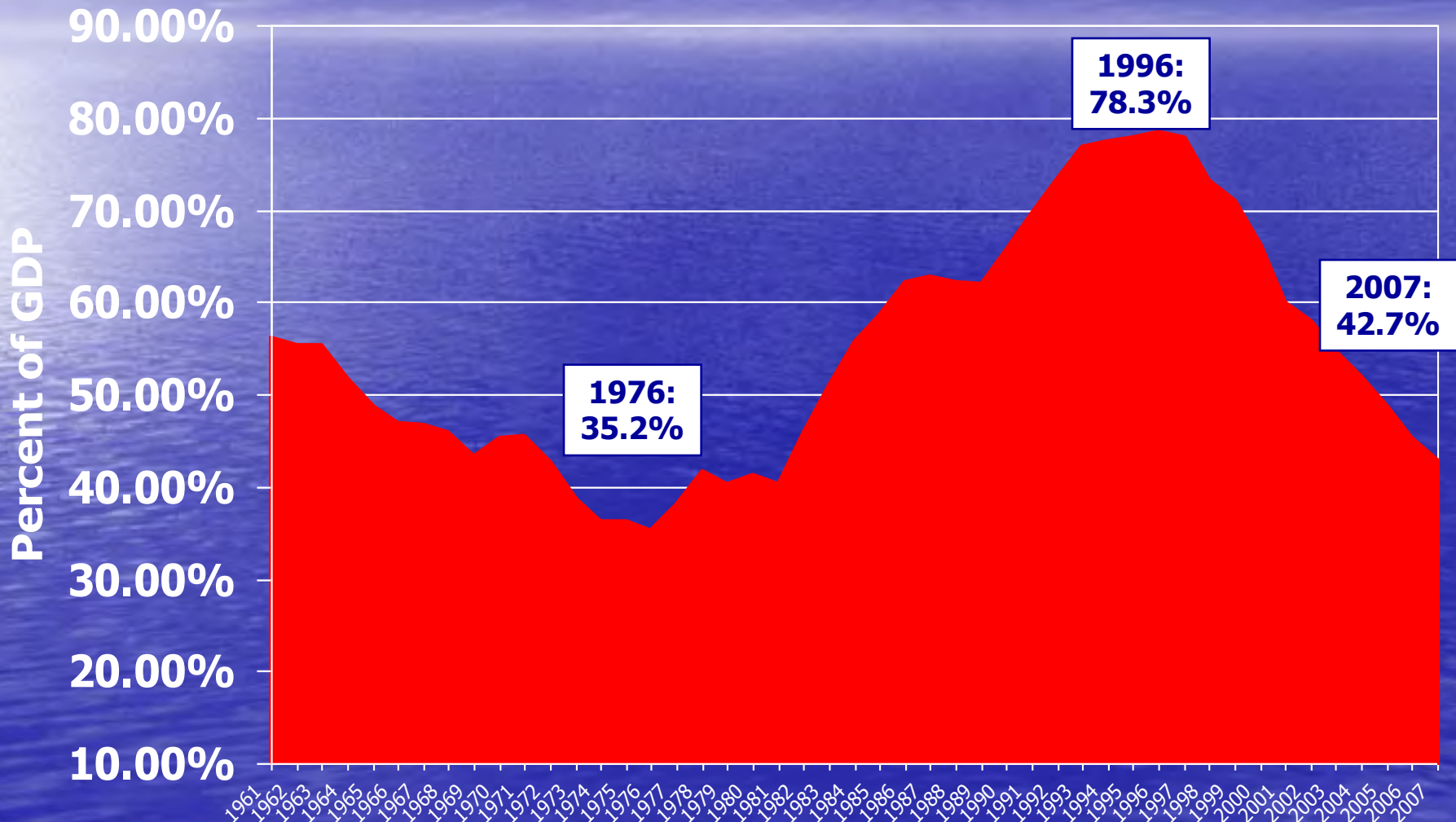
Federal Public Sector Employment



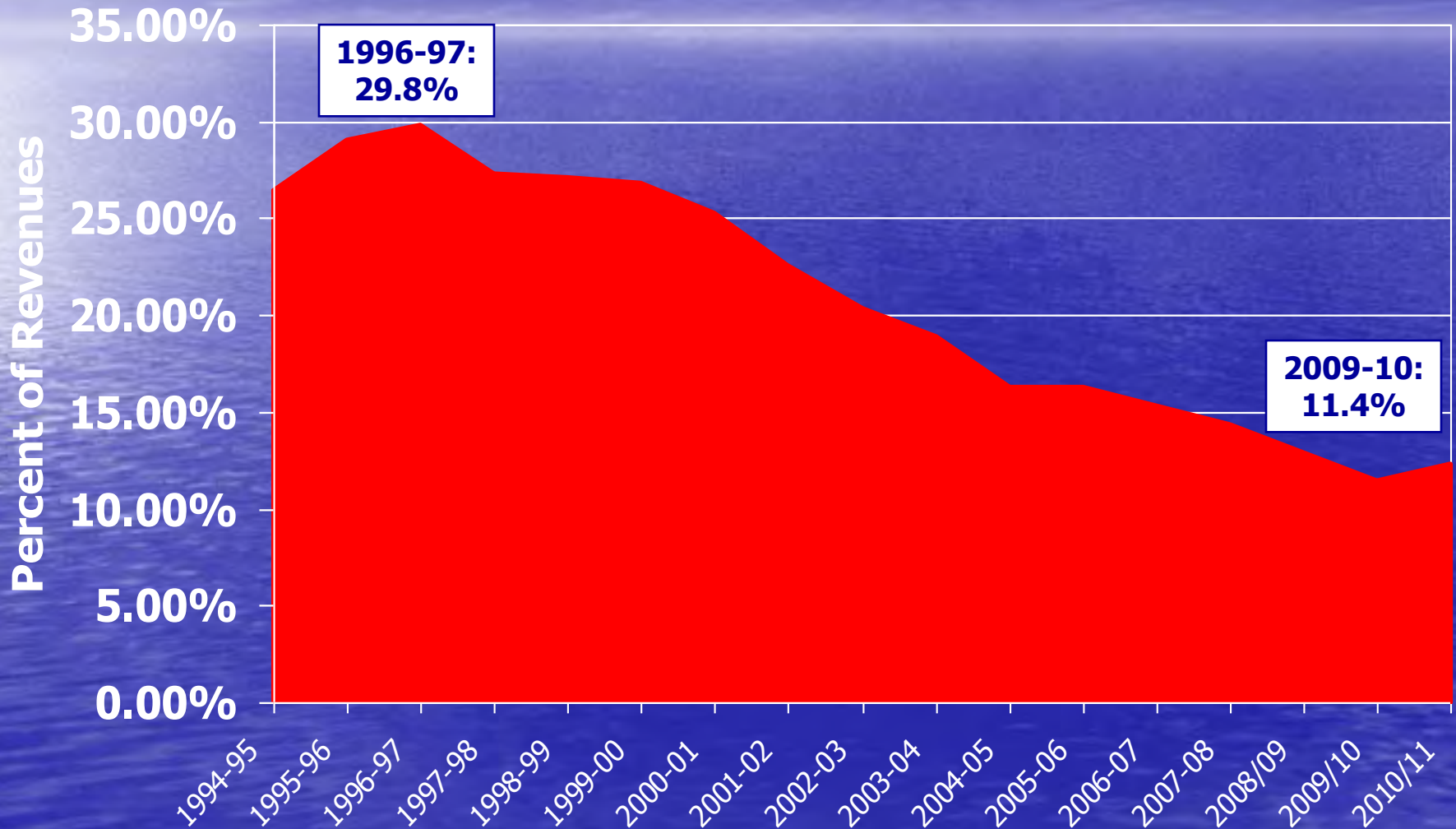
Federal Deficit / Surplus (1961 - 2007)



Federal Accumulated Debt (1961-2007)



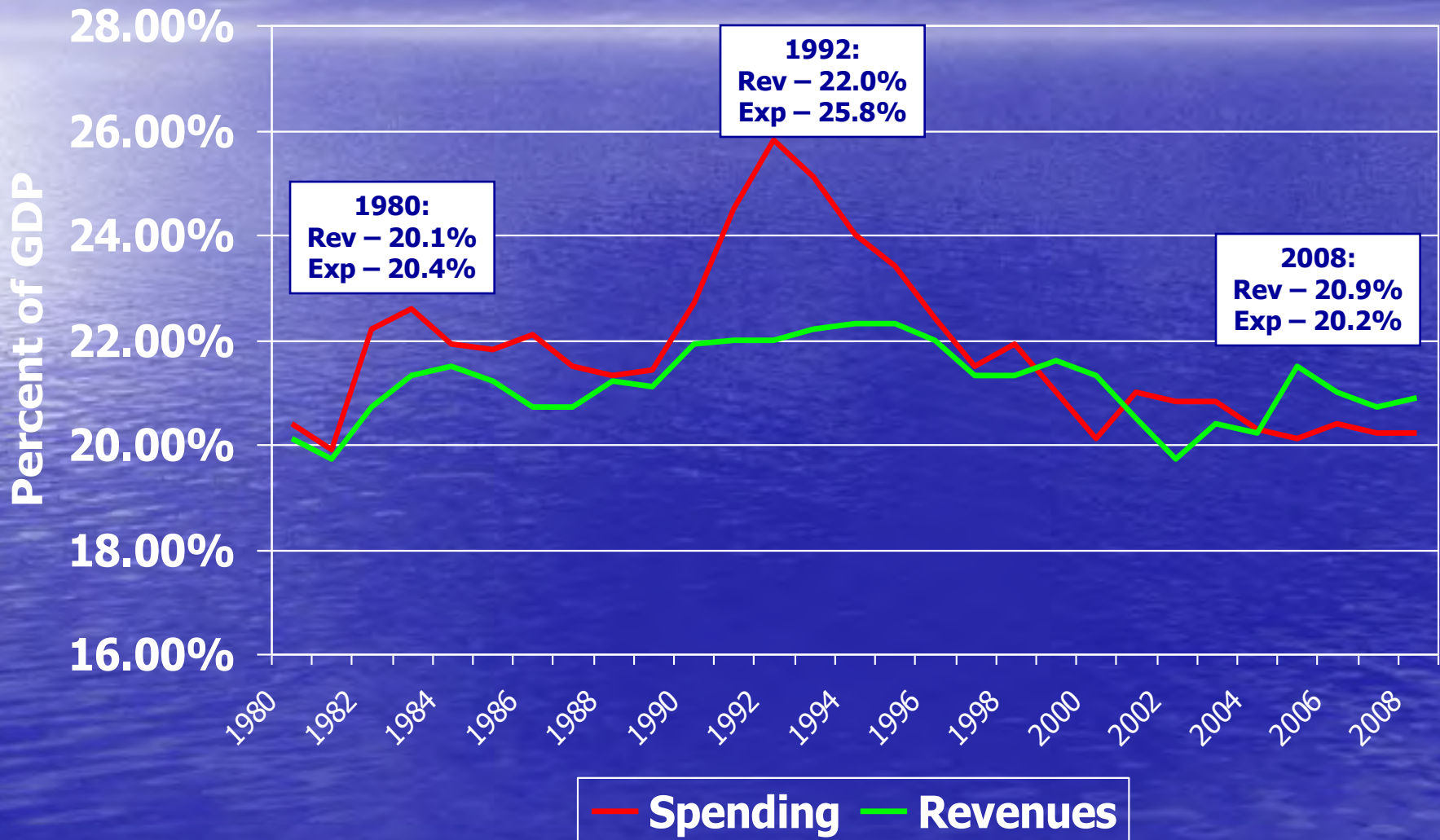
Federal Interest Costs (1994-2010)



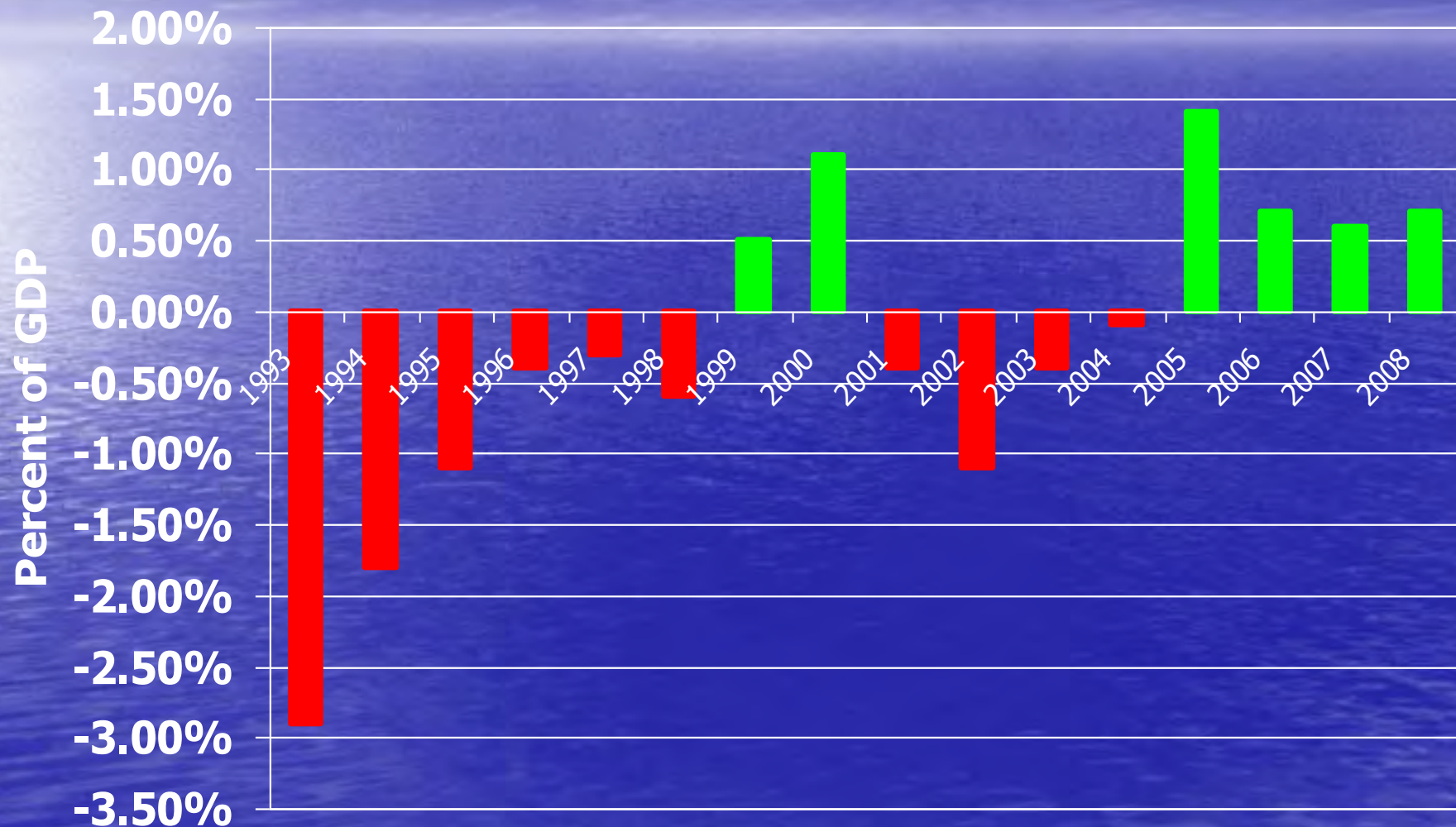
Redemptive Decade Transcends Geography and Political Party



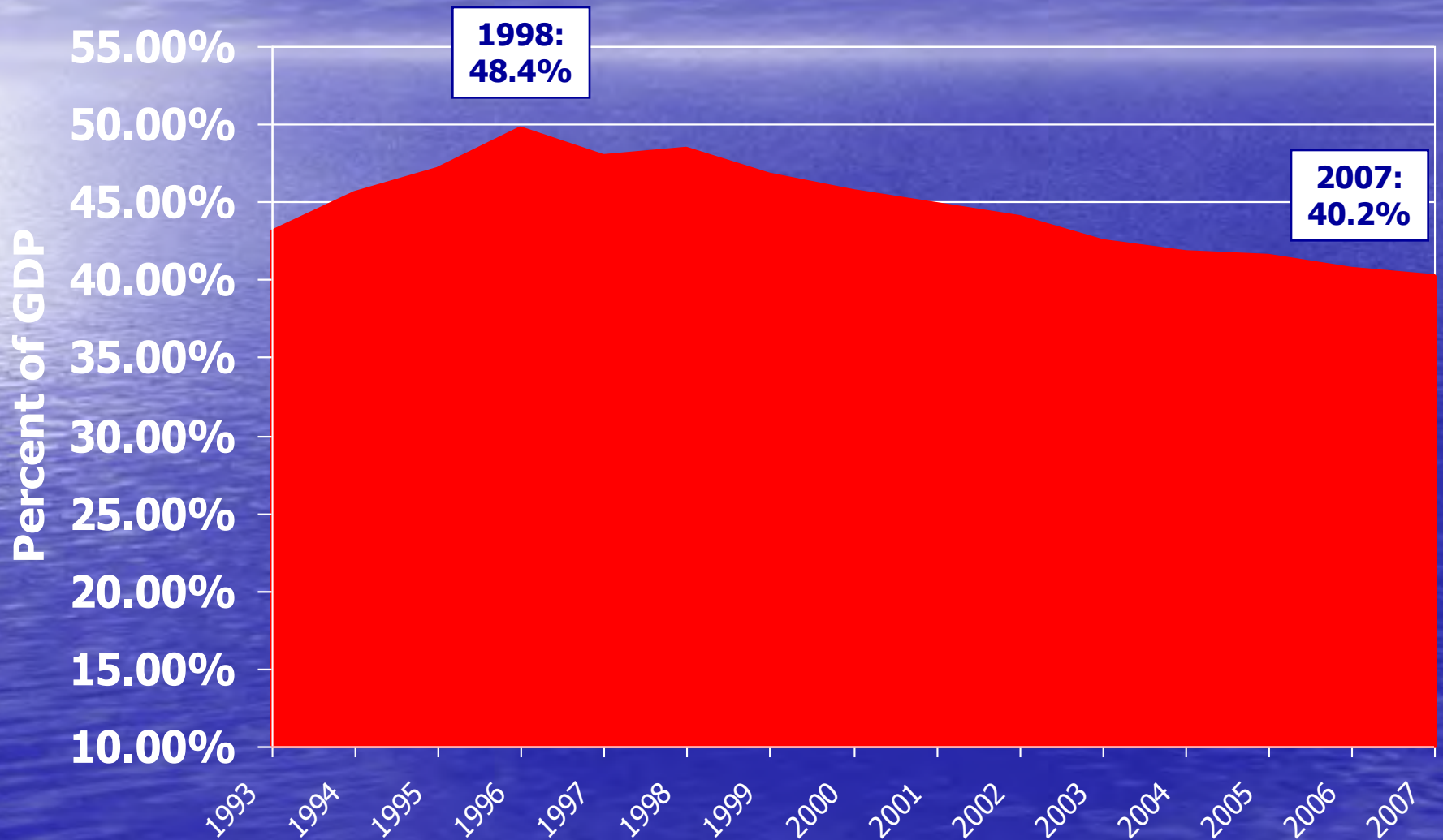
Provincial Revenues and Spending (1980-2008)



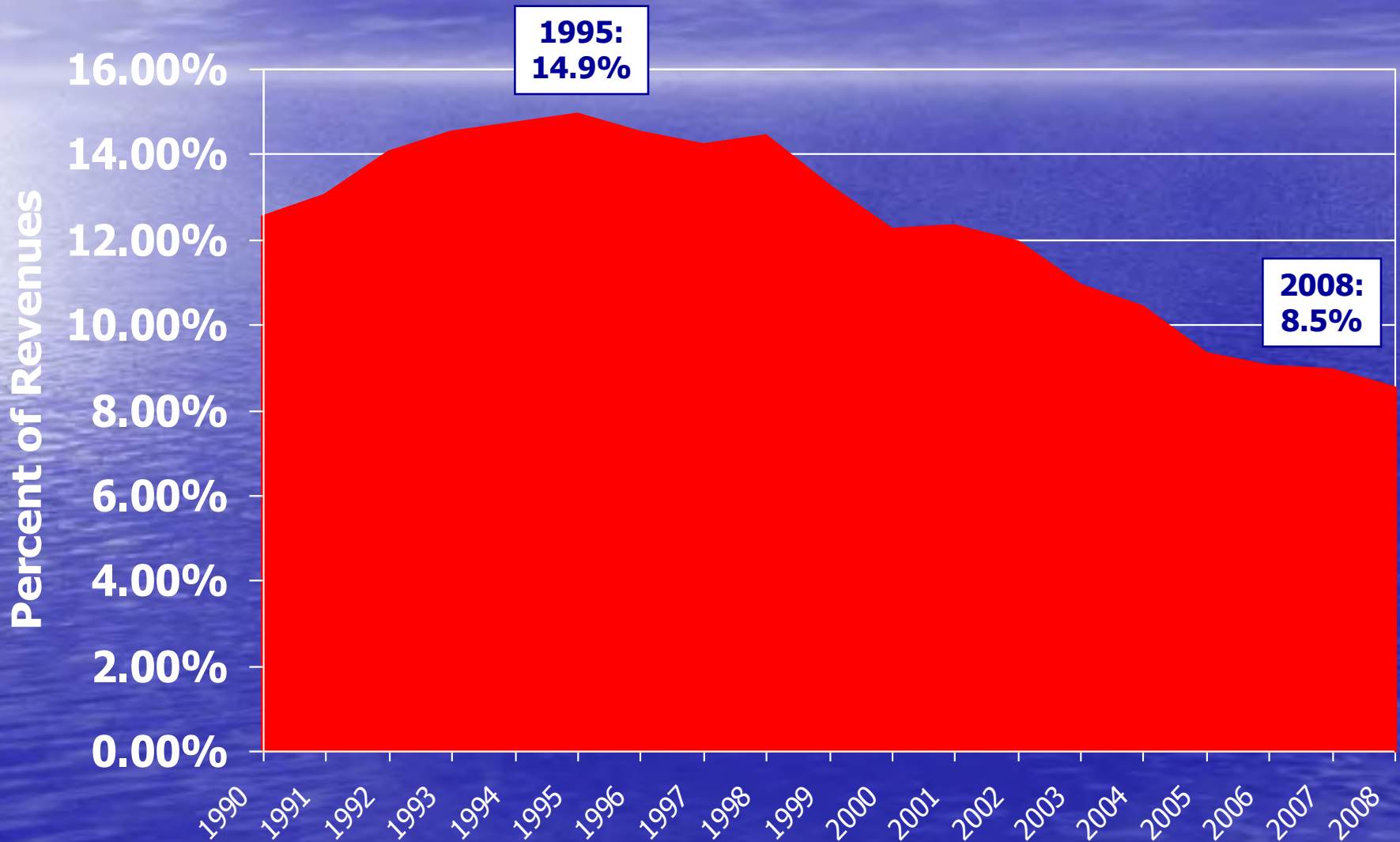
Provincial Deficit / Surplus (1993 - 2008)



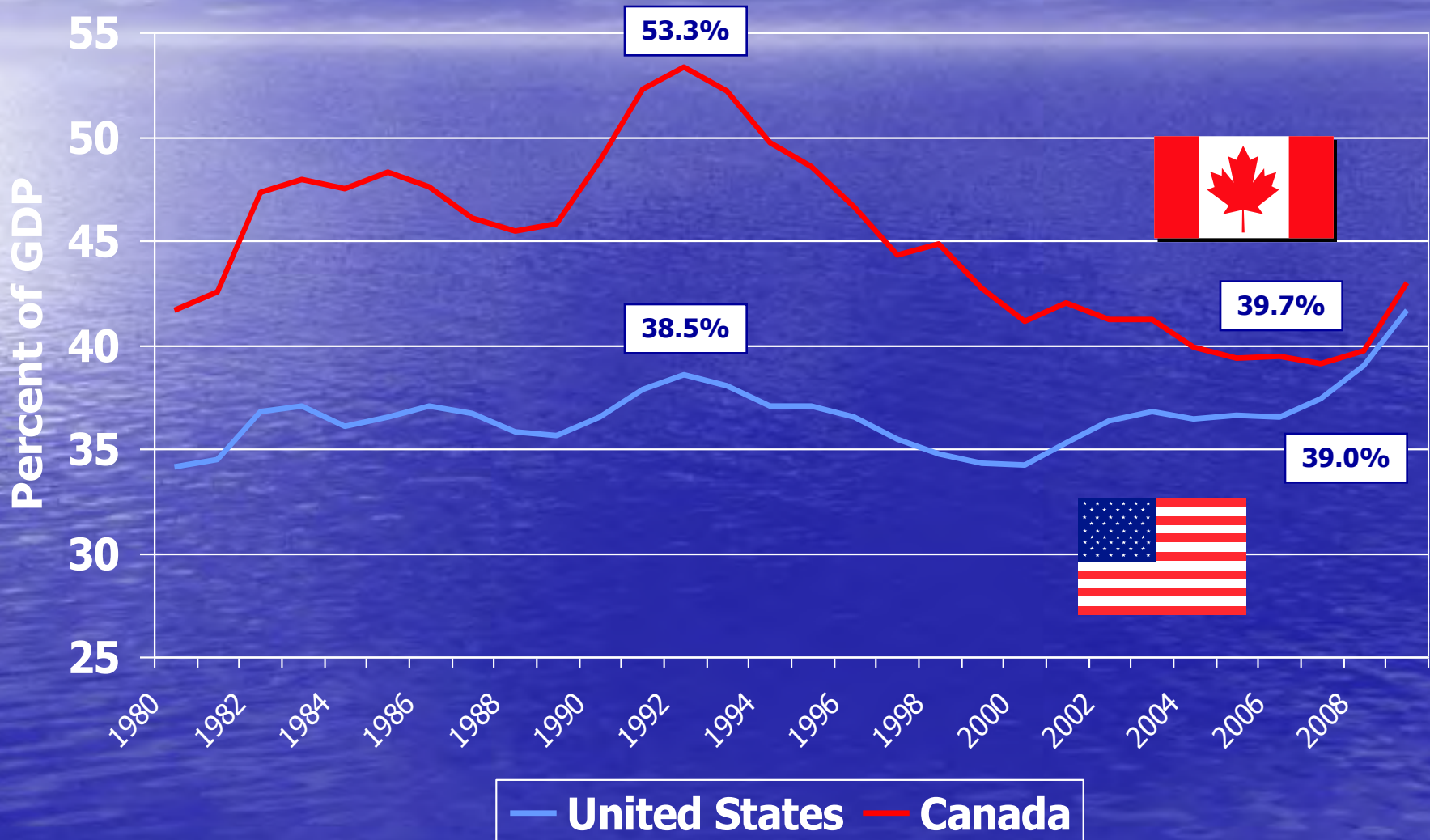
Aggregate Provincial Debt (1993-2007)



Provincial Interest Costs (1990-2008)



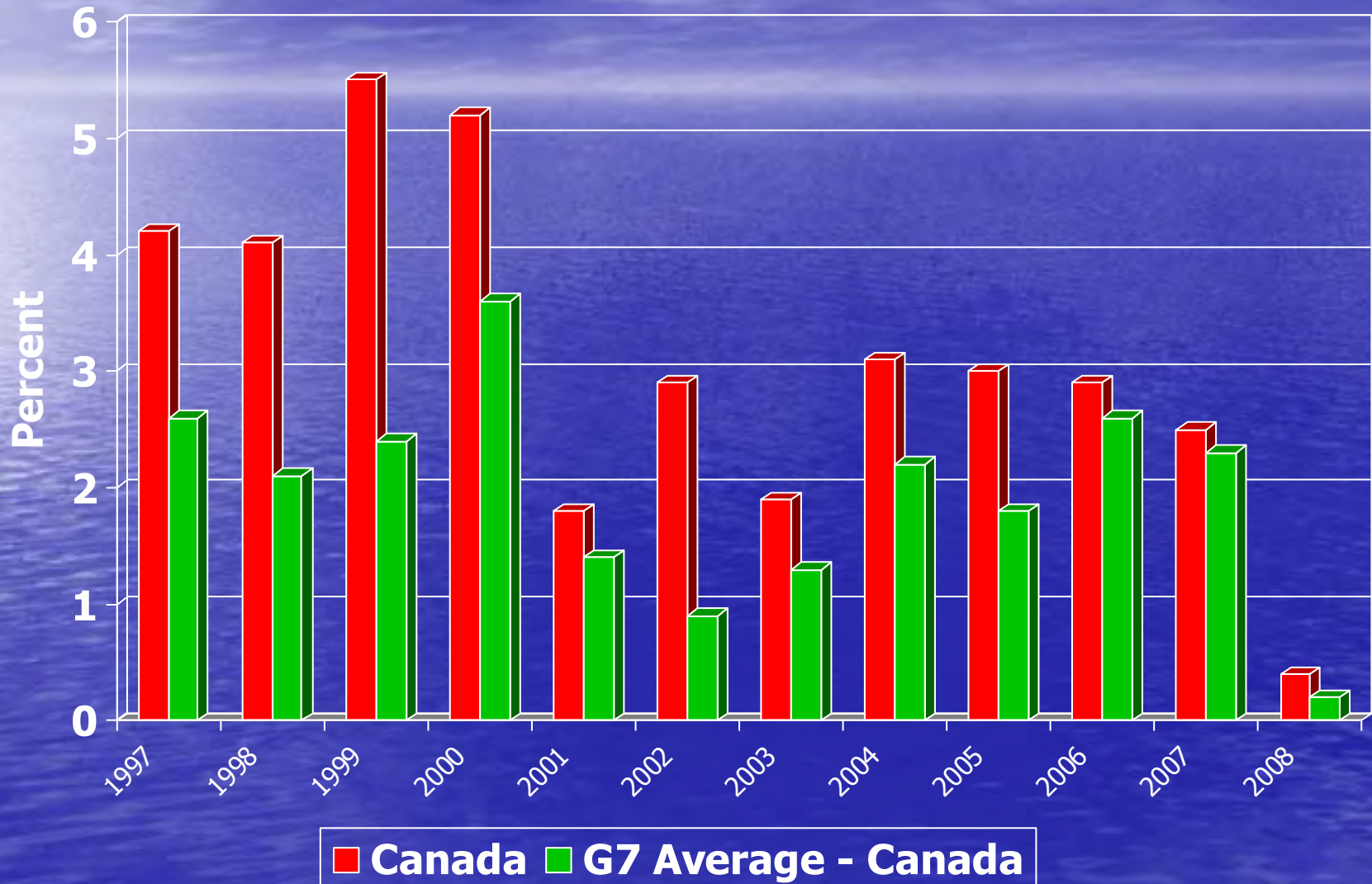
Total Government Spending as a Percent of GDP (1980-2008)



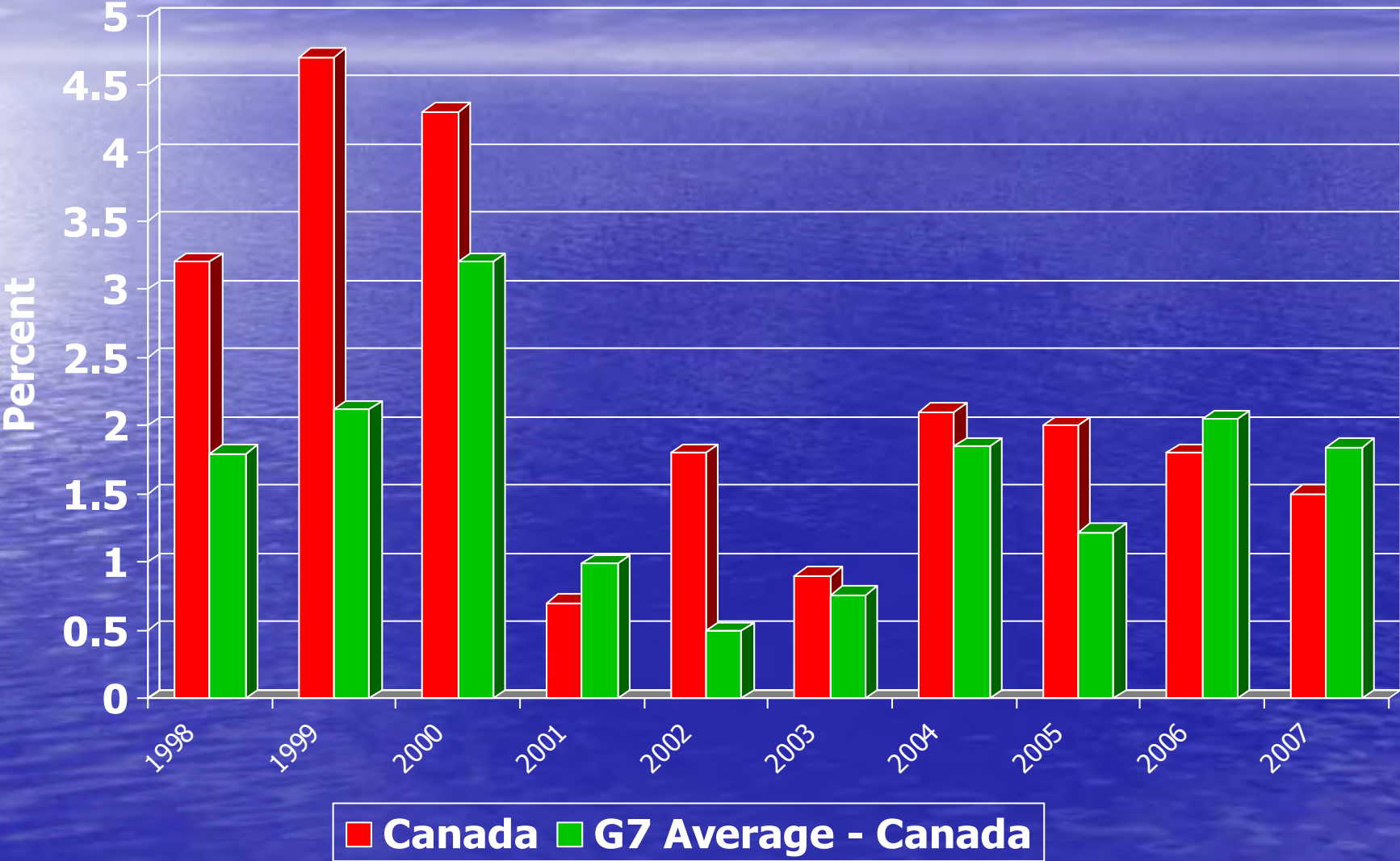
And the World Didn't End...



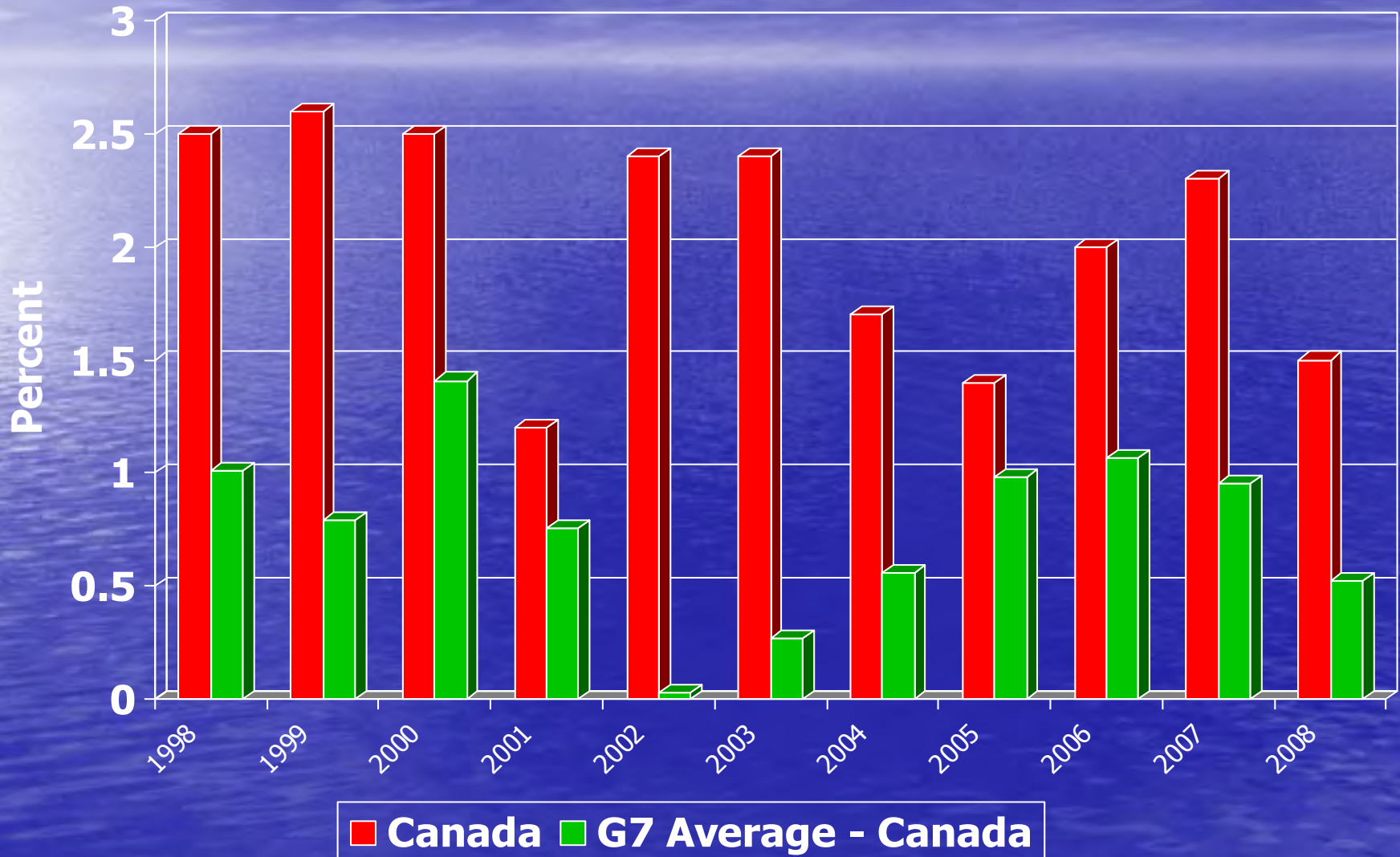
Real GDP Growth



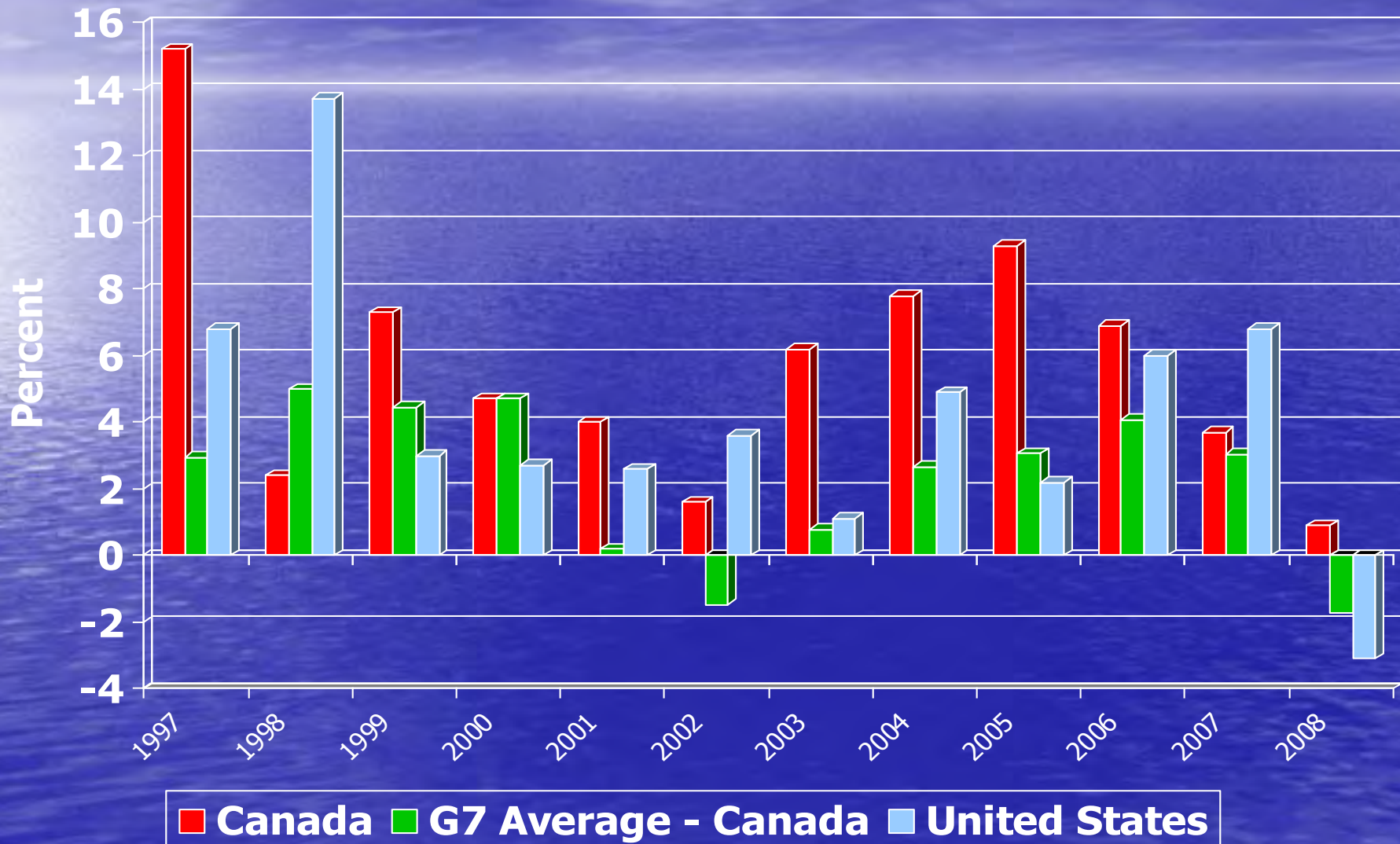
Real GDP Per Capita Growth



Job Creation



Gross Fixed Capital Formation



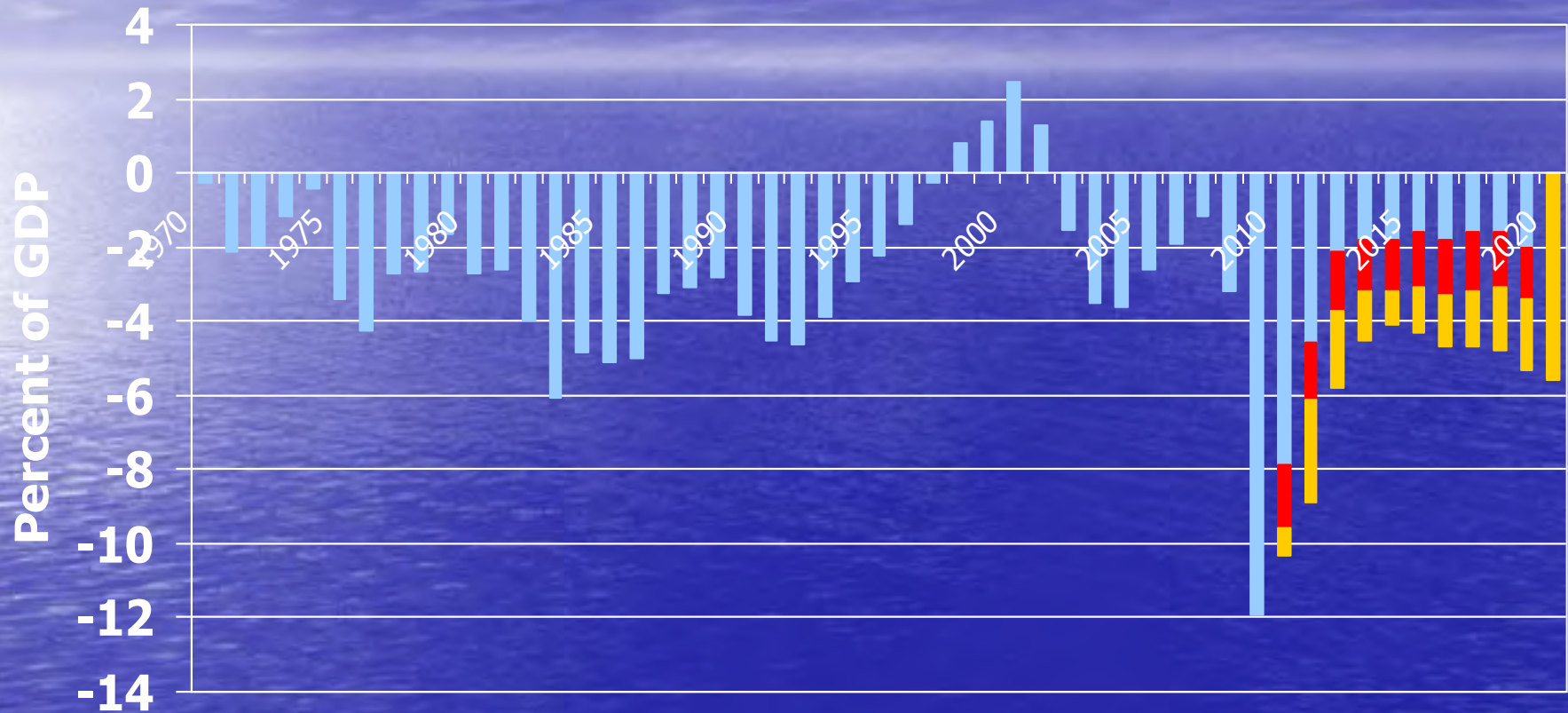


U.S. Loses the Script

Enhancing the Canadian Opportunity

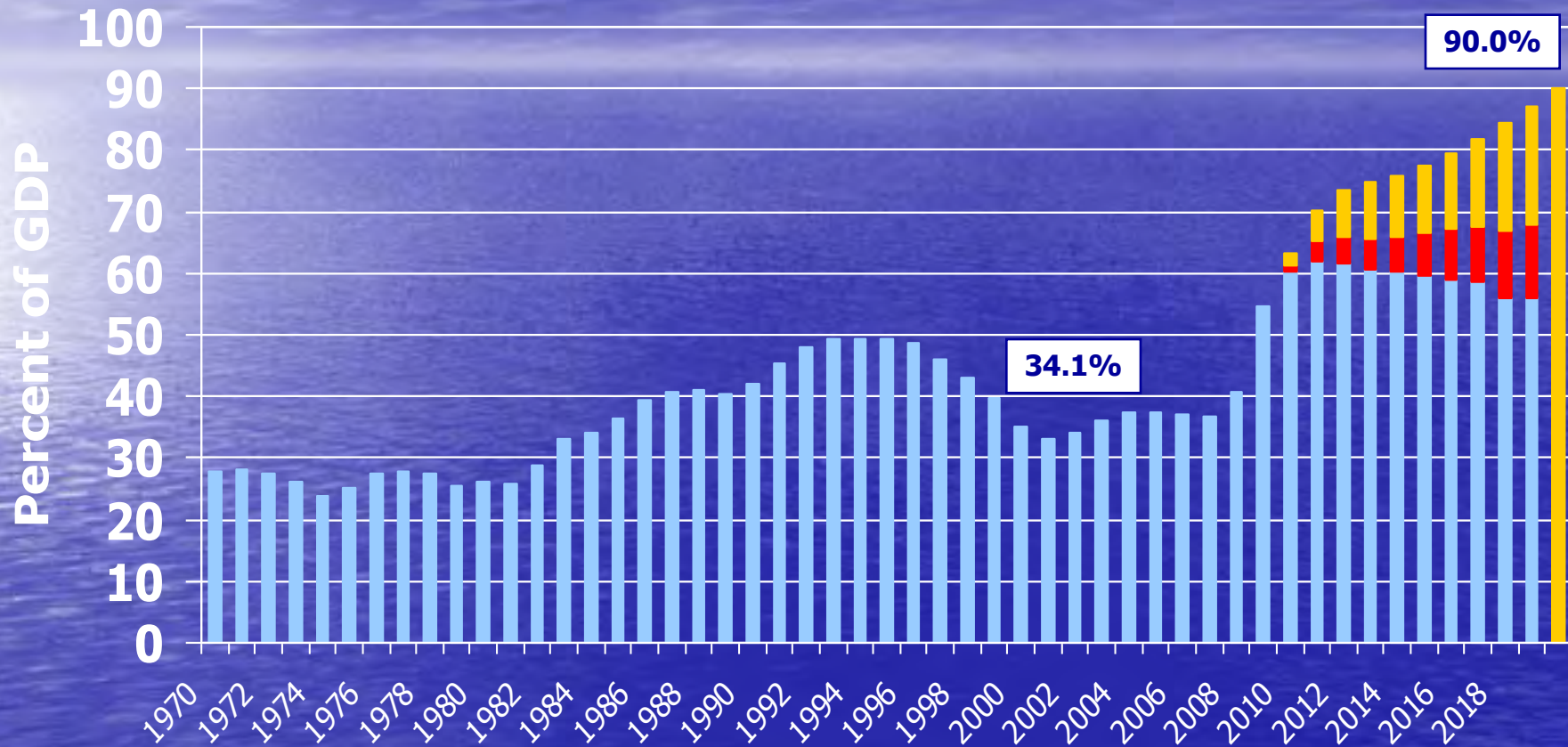


U.S. Federal Surplus/Deficit (As a Percent of GDP)



- CBO Update (March 2010)
- Updated CBO Projections (August 2009)
- CBO Historical and Baseline Projection (March 2009)

U.S. Federal Debt (As a Percent of GDP)

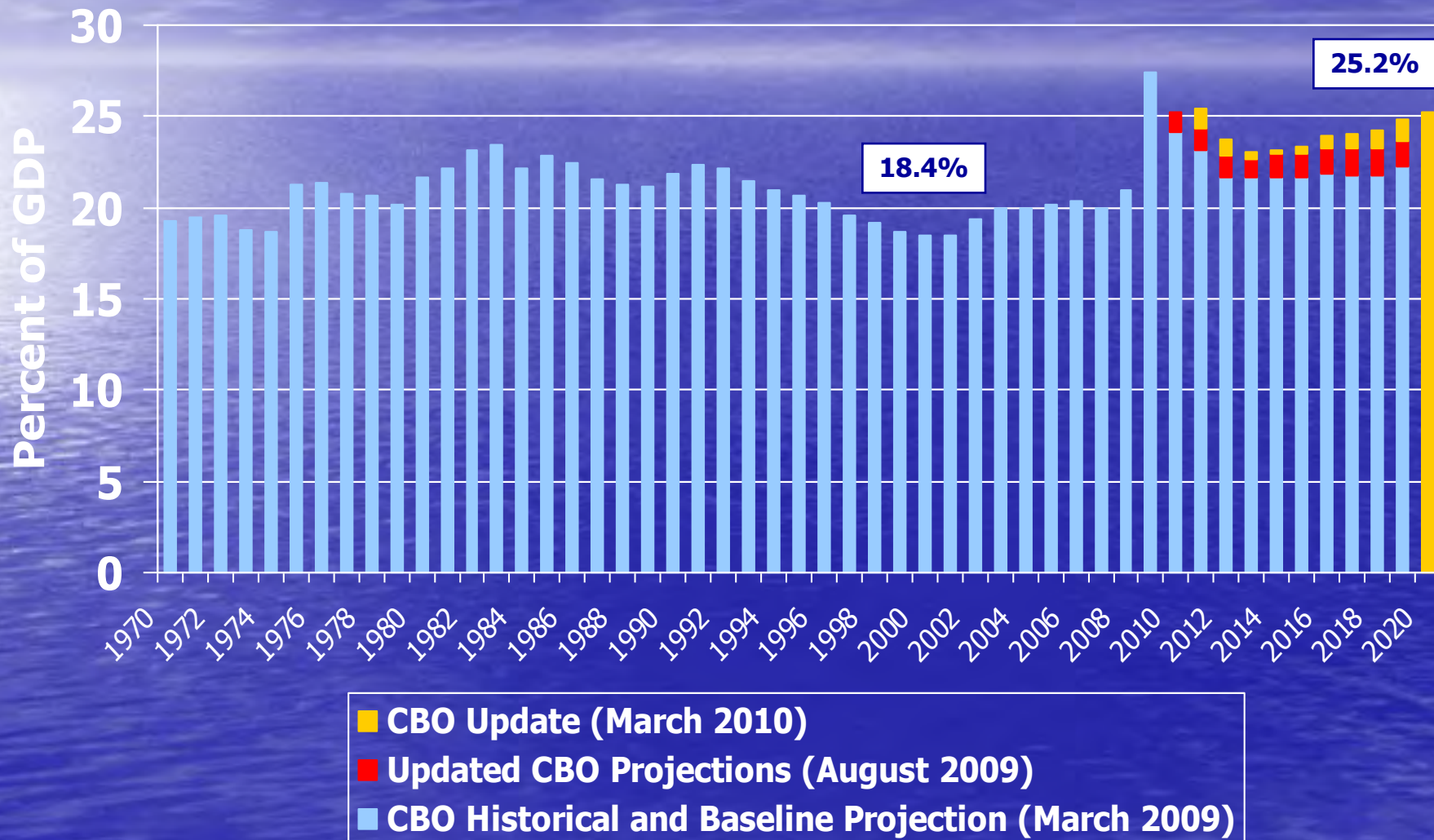


- CBO Update (March 2010)
- Updated CBO Projections (August 2009)
- CBO Historical and Baseline Projection (March 2009)

U.S. Federal Interest Payments (As a Percent of Revenues)



U.S. Federal Spending (As a Percent of GDP)



Other Challenges to the U.S.



➤ **Cost of Entitlements (Social Security, Medicare, and Medicaid)**

➤ **Tax Challenges:**

➤ **Burden**

➤ **Design**

➤ **Distribution**

➤ **Compliance Costs**



➤ **Centralized Nature of Government**



The Canadian Century



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Canadian Century: Next Steps



- **Do we aspire to the Canadian Century?**
- **If so...**
 - **Return to Laurier's principles.**
 - **Let the success of the Redemptive Decade guide us:**
 - **Balanced Budgets and Debt Reduction.**
 - **Tax Relief.**
 - **Free Trade.**
 - **Engagement with the U.S. and others.**

Questions & Answers

