



Stephen Harper before the Montreal Economic Institute, on September 9, 2003

For all of my adult life, new federal political leaders have travelled to Quebec to talk about Quebec's place in Canada, the constitution, and the national economy. It has been a rite of passage.

I am not going to follow that well-trodden path today. The Quebec sovereignty movement as we have known it is dying. And Pierre Trudeau's vision of Canadian sovereignty is already dead. Both were built on old 20th Century ideas about sovereignty that have been overtaken by the end of the Cold War, the emergence of a Global Marketplace, and the events of September 11.

Today, we – that is Quebeckers and all Canadians – face two major challenges. The first is domestic: to build a stronger federal government, focused on the things only the federal government can do. Our second challenge is international: to find a secure place for Canada in the world.

These are not two separate or distinct challenges. They are, in fact, the same challenge: to secure our well-being in the new continental and global economy, within the new realities of American power.

The Domestic Challenge

The true legacy of today's federal Liberal government is our bloated, mismanaged central state. The federal government does too much of the things it should not do, and does too little of the things it must do.

We need a stronger federal government – not a stronger government in the Liberal tradition; not one that does a whole lot of things badly and spends a whole lot of money doing them; not one that sets up bureaucracy after bureaucracy to police the provinces; not one that, as Paul Martin proposes, would start managing municipalities too.

We need a strong federal government that relies on the power of free markets and of the private sector. We need a strong federal government that secures our prosperity through prudent spending and lower taxes.

Mr. Trudeau thought that a strong federal government regulated foreign investment, set wages and prices, and controlled whole industries through Crown corporations. And, in truth, the federal Liberal approach has not changed as much in recent years as they would have us believe.

At the prodding of my predecessors, the Liberals briefly embraced fiscal prudence in the mid-1990s. But that prudence did not last long. Paul Martin balanced the budget, and then he went on a dangerous spending spree. That spending spree has stretched over four consecutive budgets, if we count Mr. Manley's recent effort. We have not seen this pattern since the 1970s – the darkest days of Trudeau Liberalism.

Mr. Martin's spending did not go primarily to social transfers to the provinces as he claims. Instead, he hiked spending on the non-defence operations of the federal

government itself. The result has been endless examples of incompetence, mismanagement and corruption.

I can cite the 500-fold cost overrun for the federal firearms registry; \$1 billion spent on inadequately managed Human Resources Development grants; millions more on advertising contracts being investigated by the RCMP; and hundreds of millions lost in GST fraud – possibly more. The tales of mismanagement go on and on.

Mr. Martin could have delivered three budgets of tax relief. That would have secured Canada's prospects for long-term growth. Instead, he left businesses overtaxed. The C.D. Howe Institute has estimated that Canada's effective rate of business taxation is 15 points higher than the US rate. And Mr. Martin left individuals overtaxed. Canada's personal income tax rates are still among the highest in the developed world.

Despite hollow words about Canada being the 'Northern Tiger,' the results of Mr. Martin's work are clear. Canadians seek economic opportunities abroad. Canadian businesses seek economic opportunities abroad.

What's worse, the federal government has ignored its core responsibilities. For example, they have taken only half measures to secure our borders and deal with crime. They have not rebuilt our over-stretched, under-funded military. They have not removed barriers to inter-provincial trade. And they have not been able to protect our economic interests abroad.

The International Challenge

The Canadian state is not just badly managed at home; it is increasingly impotent abroad.

This summer, we were reminded that the Liberals have failed to secure trade relations for our forest and farming industries. They sidelined us in the Iraq conflict and isolated us from every single coalition of countries. They left us at the mercy of other countries when we faced SARS [severe acute respiratory syndrome] and BSE [Bovine Spongiform Encephalopathy, or "mad cow" disease]. Now, most alarmingly, they cannot even protect the safety of Canadian citizens abroad.

What is the root of these problems? It is the long-standing Liberal obsession with restraining American power through so-called "multilateralism."

Years ago, Mr. Trudeau believed the United Nations and other multilateral institutions could restrain American power in the pursuit of peace, human rights and international justice.

Today, the Liberal obsession with American power is not so high-minded. The present Liberal Government is driven by a petty jealousy of American power. Over and over, we hear a stream of small-minded, undignified, anti-American comments passed off as foreign policy.

Of course, from time to time, we are all frustrated with particular American policies or personalities. But pandering to rank anti-Americanism does not serve Quebec's interests. Frankly, it doesn't serve the interests of any part of Canada.

In the past, Quebec separatists brought insecurity, resentment, and delusion to Quebec's most important relationship – that with the rest of Canada. Today, the federal Liberals bring the same destructive emotions to Canada's most important relationship – that with the United States.

And we see the same results: magnified irritations, unnecessary disputes, drained energies and lost opportunities. In the post-Cold War world, nothing is more important than relations with the United States. Since September 11, 2001, we are discovering that the Americans no longer divorce trade and economic relations from security and political relations.

I propose a very different and more constructive approach for Canada – one suited more to present realities than Mr. Trudeau's ideals.

Canada should work with multilateral institutions where they work well. Multilateralism can help secure free trade, for example. The Doha round of World Trade talks, the Free Trade Area of the Americas, and linking NAFTA to the European Free Trade Area are all promising possibilities for the future.

We should also recognize that multilateral institutions simply cannot deal effectively with all the difficulties of the post-Cold War era. This is particularly evident in issues of geopolitical security.

What about our relationship with the United States?

Mr. Martin hints at a new approach. His "new multilateralism" means working through the G-20 rather than the United Nations. But this is just the old Liberal agenda with a smaller cast of characters.

We need to exploit – not minimize – the proximity and shared interests with the United States. I am not convinced of the need for supranational institutions, or comprehensively harmonized policies. But we do need a "strategic partnership" that links freer trade with improvements in continental security.

And we cannot avoid the importance of leadership at the top. A good relationship between the Prime Minister and the President is critical. It begins, as do all relationships, with mutual respect and understanding.

That is why I have named a Canadian Alliance critic specifically for Canada-US relations. It reflects my view that, whether elected or not, our ambassador to the United States should have cabinet rank. This will directly link the activities of our government in Ottawa to our activities in Washington.

Conclusion

Today's challenge does not lie in the old separatist idea or Liberal idea of sovereignty. It lies in having a strong and focused federal government with a stable, mature and profitable relationship with the United States.

No one in the federal Liberal party is interested in meeting this challenge. Mr. Martin is at heart a child of the Liberal Party, wedded to a bloated federal government at home, and misguided multilateralism abroad.

This is a shame. Canada, with its natural and human wealth, is uniquely placed to prosper in a continent and a world dominated by our closest neighbour, best friend and biggest customer.

In the next federal election, the Canadian Alliance will be ready to provide Quebec and Canada with a choice for a prosperous and secure future.

Thank you, again, to the Montreal Economic Institute for hosting me today.