

CANADA IN THE BALANCE

Bob Rae

In this exclusive to *Policy Options*, former Ontario premier Bob Rae, a leading candidate for the Liberal leadership, sets forth his sense of the country and his priorities for governing it. "First," he writes, "the purpose of what we do is a better life for all Canadians, making sure that there are real opportunities for all our people and that Canadians are doing what they can to make the world a safer, better place." From his own experience as chair of an Ontario task force on higher education, he argues for a renewed federal-provincial commitment to post-secondary education, as well as skills training, as key to Canada's competitiveness in the global economy. "It's a tough, competitive world out there," he writes. "Preparing Canadians for the challenge ahead is at the top of my list...But as important as prosperity is, it is not enough. It must be matched with purpose."

Dans ce texte exclusif à *Options politiques*, Bob Rae, l'ancien premier ministre de l'Ontario et meneur de la course à la direction du Parti libéral, définit sa vision du pays et les priorités selon lesquelles le gouverner. « Premièrement, écrit-il, notre action a pour but d'assurer le mieux-être de tous les Canadiens, de procurer à chacun de vraies possibilités et d'inciter nos concitoyens à faire de leur mieux pour rendre ce monde meilleur et plus sûr. » À la lumière de sa propre expérience à la tête d'un groupe de travail ontarien sur l'enseignement supérieur, il plaide pour un engagement provincial-fédéral renouvelé en faveur de l'éducation postsecondaire et de la formation professionnelle, éléments clés selon lui de la compétitivité du Canada dans une économie mondialisée. « Notre monde est plus compétitif que jamais, rappelle-t-il. Et j'ai pour priorité absolue de préparer le Canada à ce défi (...). Mais aussi importante qu'elle soit, la prospérité ne suffit pas. Elle doit se conjuguer avec une vision claire. »



Whenever we discuss Canada's future, people come at it from a full range of perspectives. In the world of politics and policy-making it is only too easy to see things through a limited lens. So it is that the businessman focuses on taxes, interest rates, government regulation and the dollar, the environmentalist on pollution, the social worker on child poverty and on it goes. Government departments tend to work and think in silos, advancing prescriptions that relate to the particular world in which they live and work.

One of government's great challenges is to break down the silos and the hardening of the categories that make good policy-making much more difficult. Canada needs to be competitive and prosperous. Canada needs to be fair and just. Canada needs to be sustainable and innovative.

These things go together. They are not separate and apart. The banker needs to worry about child poverty. The social activist needs to worry about productivity. They both need to insist that Canada be a leader in dealing with climate change. And we all need to share a concern about

Canada in the world. I have often talked about the lessons I've learned after 30 years in politics, government, knocking on doors, making decisions, providing advice. Let me try to summarize a few.

First, the purpose of what we do is a better life for all Canadians, making sure that there are real opportunities for all our people and that Canadians are doing what they can to make the world a safer, better place. Second, while Canada will always be a country with regional differences, we must decide with courage what binds us together, what we owe each other. Having a clear vision doesn't mean that everything we aspire to can be accomplished overnight. Nothing worthwhile can. But having a compass allows for baby and giant steps alike when conditions and opportunities permit.

Third, having a focused set of priorities with a coherent vision is better than trying to improve all the parts of government and all the problems at once. Fourth, focus on outcomes, and don't be wedded to particular programs. Be clear about the goal, be flexible about the means. There will always be vested interests wedded to a particular program or

institution. Don't let their rhetoric prevent you from asking, "Is this really working. Are we getting the outcomes we need and want?" Fifth, don't promise dozens of specific solutions for dozens of problems. What seems sim-

Now is not a time to take the economy for granted. Yet the new Conservative government in Ottawa is doing just that — by literally buying off select groups with a grab bag of tax credits and subsidies, none of which do much for long-run prosperity. An opportunity is being squandered in Ottawa today. Canada's economy is in the balance. We can choose to build upon our impressive strengths and drive to a shared prosperity, or we can simply hope our recent successes continue. Complacency rarely works.

ple from the outside is often more complex. And there are real partnerships required to make policy work. Sixth, implementation and execution are key. Saying something and doing something are two different things. Governing well means delivering on commitments, with a capital "D." And delivery is an art in itself, meaning experienced political leadership and talented public servants need to be involved in the development of policy as well as delivery.

Seventh, trust matters. It grows from getting the first six lessons right. You earn it by being open, transparent, visibly driving through on commitments, admitting mistakes when you make them, recalibrating when it is called for. Sticking to a vision. These are all things we try to teach our kids. We should expect politicians to live by these lessons as well.

Canada should be a place where all children go to school hungry for knowledge rather than for hungry for food. That should be a key goal of our prosperity. Our economy has done remarkably well in the last few years. But we can't just rest on our laurels. The world is a competitive place. Too many Canadians are being left behind. The rising tide has not lifted every boat. Governments need to make strategic choices now to sus-

tain high levels of prosperity and the strong surge to opportunity that has been a powerful feature of our society. Now is not a time to take the economy for granted. Yet the new Conservative government in Ottawa

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We cannot have a social justice agenda or a social welfare agenda if we do not also have a prosperity agenda, and we need to understand the link and the connection between those two things. They are not separate and apart. They are very much connected and intertwined in the making of public policy.

We have tended as Canadians to invest too little in the future. That pattern needs to change. Education is the one policy that combines prosperity and opportunity. In our own lives, the chance for an education is the moment of opportunity that for most of us determines the difference between poverty and prosperity.

I was brought up on two stories: the first was my grandmother's deep disappointment that she was not allowed to go to school past the age of 12 because at that time in Scotland

most girls were expected to leave school and go out to work. The second is what she took from that experience. Nell Rae implanted in my father the firm conviction that he had to go to university. It was a bursary of \$200 in 1932 that allowed him to do that. Those stories are replicated thousands and thousands of times over in our country.

If you take a grade 9 class today, a full quarter of that class will not finish grade 12. In some parts of the province, it's much higher than that, and in Aboriginal high schools it can be as high as 70 percent.

Another quarter that complete high school will not go on to post-secondary education. Well over half the jobs that are being created today require some form of post-secondary education. Herein lies the challenge.

When I was in university in the late 1960s and 1970s, fewer than 1 in 10 students went to university and we didn't have a community college system. So we've come a long way. But we still have to move ahead.

In my *Leader in Learning* report, I documented the fact that we are on the edge of a major demographic change, and that we are unprepared for it. Skills shortages across business and industry, a distinct mismatch between the abilities of immigrants and their real opportunities in Canada, high debt levels for some, but not all, students, growing class sizes and clear deterioration in the quality of the student experience: these are undeniable facts. So too was the evidence of under-investment in education compared to other jurisdictions. In a shrinking world we quite rightly pay attention to how others are doing, how we measure up. My message was, and is, blunt. Canada is falling behind, and given the undeniable link between prosperity and investment in higher education, this is extremely short-sighted. A downward spiral has to be broken.

My report concluded that every society has relied for its survival on the transfer of skills and abilities from generation to generation. What is new is the level and breadth of knowledge and skill required to make our way in the world. The wealth of our citizens now depends much more on the power of our brains. Today our standards of living, and consequently our quality of life, depend on people having access to education that is on a par with the best in the world. Not everyone will have a post-secondary education, but most people should. When half of our children are missing the experience, we are losing potential.

Industrial societies all over the world are considering how to improve higher education. China and India are investing unprecedented amounts in their post-secondary institutions and research. The United Kingdom has just completed a major public policy debate on the issue and has recently announced three-year commitments for funding to universities and research councils. The world is not standing still. Neither should Canada.

Some will argue that quality and high standards are incompatible with the desire to make education more accessible. Others may contend that the central goal of social inclusiveness should trump “elitist” concerns about excellence, that Canada can afford a pretty good system but not one that achieves greatness. Each of these views is wrong. We need governments and institutions that are irrevocably committed to access for every Canadian who is qualified to attend. Because the new economy demands it, the number of people attending will rise substantially in the years ahead. We also need governments and institutions that are unwaveringly committed to excellence in teaching and research. Opportunity and excellence are both diminished when we invest less than we should, or when institutions are reluctant to focus and insist on better outcomes.

The government of Ontario responded favourably to many of my recommendations, particularly the need



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Bob Rae, who will be second on the first ballot, will need the support of second-tier candidates such as Scott Brison if he hopes to be first on the last ballot.

for more funding on a multi-year basis. I argued in my report that steady, multi-year increases were necessary to bring Ontario up to the Canadian average, but that even more dramatic increases were going to be required to allow us to compete effectively at the international level. The federal government’s investments in research and innovation in the late 1990s helped prevent a dangerous slide to mediocrity. Its efforts now should focus on four areas:

- a renewed and substantial investment in graduate education;
- a renewal of the focus on skills and training;
- a major expansion of international experience for students, and

- a clearer direction on ensuring access and affordability for students.

When I began my report in 2004, I found a profound sense of pessimism in the institutions — the feeling was that no one in government really seemed concerned about the state of higher education. The student movement was, and is, divided, with some more concerned about the deteriorating quality of education and some fixated on the issue of cost to the student.

Governments should be doing everything they can to ensure that student aid — federal, provincial and institution-based — is genuinely progressive. We must never lose sight that

it is living costs, forgoing income and the fear of assuming debt — and not just tuition — that are the real economic factors in student choice.

In short, governments have to learn to let colleges and universities be their best, and to provide enough of a living income to students to let them

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get on with their studies. There needs to be a new federal-provincial agreement on higher education.

In my report, I wrote: “I am urging the provincial government to adopt as a key mission for the province the goal for Ontario to be a leader in learning, and to fund higher education accordingly, with measured increases over the next several years. The commitment that every qualified student in Ontario should find a place in college or university regardless of means should be enshrined in new legislation. I am recommending that the walls between colleges and universities continue to come down, that administrations accept the need for more transparency, accountability and collaboration. I am urging the federal government to recognize that it must become a reliable and steady partner in that mission, and in particular should become an ally in the expansion of skilled trades and graduate studies. I am asking students to recognize that they are significant beneficiaries of education and that tuition levels that fairly reflect the value of that education are reasonable, provided the governments do their job and provided there are real improvements in quality and student assistance. I am also urging a major reform of student assistance, with the

principle that lower-income students should receive direct grants from the government, that all students should have access to loans that reflect the actual cost of study and cost of living, and that both levels of government should make loan repayment more flexible in timing and more sensitive

to the incomes that graduates are in fact earning.

“Leadership will bring change. The change has to be sustainable. There are enough public and private resources in this province to build first class institutions of higher education, to make them both accessible and affordable to an ever-widening cross-section of the public and to provide education to our students that is truly excellent. I hope this review contributes to achieving these goals.”

I have learned from hard experience the costs of the ideology that Stephen Harper and the Conservatives want to impose on Canada, and that Canadians in a majority voted against in the last election. I am running as a Liberal for the leadership of the Liberal Party because I have learned that Canada needs a party that is committed to change, that is open to all Canadians and that understands that politics is about people, not theories and ideologies

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a builder.” For me the glass is always half full. I love this country and all its people, and for me the Liberal Party best expresses those feelings.

There are some basic lessons I’ve drawn from my experiences as an active politician, premier and mediator and problem-solver over the last 30 years. In part, this is the story of how I have come to embrace the Liberal way.

The first lesson I learned is what I call the Ella Fitzgerald lesson. “I’ve been rich and I’ve been poor, and rich is better.” Prosperity and the encouragement of prosperity are critical. Not simply desirable: they are vital to improving the lot of our citizens today and those who will join us here in the future. I governed during the worst recession since the thirties. The prosperity of the late eighties came to a dramatic halt. Many business people have told me that in good times mistakes can be quickly overcome. In tough times that is just not the case.

Since my time as premier of Ontario, Canada has developed a collective allergy to deficits, and that is a good thing. In some ways that has become as much a part of our political identity as good health care. We must continue to keep our fiscal house in order. Canadians deserve it. We need competitive tax and regulatory policies but they must be balanced by a renewed focus on education, on learning, on innovation and on investments in infrastructure that encourage private and public investment. This was a key focus of the Chrétien-Martin years. They are not, apparently, on the Harper priority list. His idea of economic policy is to take a point off the GST. His right hand doesn’t know what his far right hand is doing. It just isn’t enough for a complex economy like Canada’s.

It’s a tough, competitive world out there. Preparing Canadians for the challenge ahead is at the top of my list.

It needs to be a focus of our politics again. But as important as prosperity is, it is not enough. It must be matched with purpose. Wealth creation must be a partner to shared opportunity. Children living in poverty are a challenge to our conscience and to our future. Child poverty challenges our sense of what makes sense — we know full well that generations left behind will be more likely to fall ill, to go to jail, to need constant support. Canadians deserve better.

I've learned that trying to turn heads is more important than counting heads. Taking what my father called the pulse of democracy should not deter people from understanding that things change — and that things must change. Henry Ford said, "If I'd asked them what they wanted I'd have given them faster horses." We need to listen — but we also need to lead.

Ending child poverty is where we can lead. It can be, should be, a goal of our government. First reducing it — then eliminating it. To do that you have to begin at the beginning. With health care, with early learning and child development, with high-quality and affordable child care, with the social safety net that defines us as Canadians. We need a health care strategy in this country that ensures our public system is accessible, safe and of high quality, and includes a focus on wellness and prevention, especially in the early years. The federal government must come to the health care table as a player and a partner to help ensure these ends.

When I was premier of Ontario, the government started the Trillium Drug Plan. I am proud of that achievement. It has saved lives and, on a practical level, prevented great personal hardship. I believe that the time has come for a national catastrophic drug plan, which I would call the Maple Leaf Plan. Previous Liberal gov-

ernments, following the recommendation of the National Forum on Health, committed to a national pharmacare program. But the complexity, scale and

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political challenges meant this well-intentioned effort never got off the ground. My sense is that a more focused effort, which zeroes in on the catastrophic cost and builds on provincial plans, would have a far better prospect of success.

When a quarter of our high school students drop out, and a further 25 percent leave school without going on, we have a problem. When students' perception of the costs of higher education is greater than their sense of the value that comes from post-secondary skills, we have a problem. As Canadians we have to strive for better.

During the last federal election campaign I was struck, like many Canadians, by the absence of discussion by the major political parties of Canada's place in the world. It is no secret, no astounding revelation that our well-being depends on what is happening around us. Our economic health is dependent on our trade with partners across the globe as well as just across the border. Our citizens come from every region of the world.

As Canadians we would do well to remember the respect we have gained around the world — our reputation for stability and fairness and as a country that works. But that is not enough. It must be matched by a commitment to meet our international

obligations, and then do more to lead. A foreign policy born of an ideology and excessive rhetoric is bound to fail — we have heard the reverberations of

such failure echo around the world. Jean Chrétien was right about Canada and Iraq — not because he was following public opinion, but because he thought the invasion ill advised and contrary to international law. It was a judgment call that was fundamentally sound, reflected our values and offered our independent voice.

As with all the major problems that face our world, Canada cannot solve the environmental degradation and global warming alone. But we should be more of a leader. Signing the Kyoto accord was only the first step — accepting targets is one thing, achieving them is another. It would be nice to say that retreat from Kyoto is unthinkable. But in fact, we know with the current government it is not. I would put Mr. Harper on notice: Kyoto must not be negotiable. Our environment — our children's future — is not negotiable.

Can Canada meet its international obligations under the Kyoto Protocol at this late date? It will be difficult. Should we abandon our commitment? Absolutely not. That would not be the ethical thing to do. Nor would it be the right thing for Canadian society or the economy. The right thing to do is for Canada to take strong steps now that demonstrate to the world that we are serious about climate change and that we are taking control of our contribution to it. We need to build a foundation for

long-term reductions. The big three in terms of priorities are electricity, transportation, and oil and gas production.

By way of illustration, here are some things we could do in each of these sectors.

We must also improve our tax system so that it has the right incentives to help us achieve a more sustainable economy and society. In facing up to the Kyoto challenge, we have made minimal use of our taxation system to send price signals to help consumers, businesses and the economy to adjust to the need to reduce greenhouse gases. If done wisely, using the tax system and prices to achieve a more sustainable economy will make us more competitive, as we encourage greater energy efficiency in our economy.

Electricity. Greenhouse gas emissions from the electricity sector grew by 35 million tonnes between 1990 and 2004 as result of growing demand and heavier reliance on coal. Now is the time to drive \$150 billion of projected investment toward outcomes that emphasize low- or zero-emitting electricity sources that also contribute to increasing resiliency and reliability of the electricity system. While investment in centralized large-scale supply and transmission is essential, so, too, is investment in distributed energy systems like wind, solar and community energy systems that don't rely solely on centralized generation and transmission. Targeting these self-reliant systems as a priority in locations housing emergency facilities — police, fire, hospitals, water treatment and wastewater plants — and in our homes, buildings and institutions can make communities safe in the face of extreme events. The government of Canada can set national objectives for renewable energy. Building on provincial and territorial targets for renewable energy and energy efficiency and conservation, the federal government can set and support through tax policy and incentives national stretch objectives for renewable energy and energy efficiency improvements through a clean energy framework. It can regulate emissions from fossil

fuels used to generate electricity through the *Canadian Environmental Protection Act* and it can bring electricity producers into a nationally coordinated cap-and-trade allowance trading system that would include oil and gas

producers and all large industrial emitters. We need to support pilot projects demonstrating power plant carbon capture and sequestration technologies.

Transportation. Emissions from road transportation rose by 36 million tonnes between 1990 and 2004, an 83 percent increase as a result of free trade, deregulation of the trucking industry and demand for just-in-time delivery. Stringent federal efficiency and tailpipe standards for cars and trucks are essential. Canada must commit to tailpipe standards for greenhouse gases that would cut emissions by 30 percent between 2009 and 2016. A federal priority should be to ensure we work collaboratively with Canadian manufacturers to build efficient and new-technology vehicles right here at home for domestic and US markets.

Oil and gas production. Between 1990 and 2004, greenhouse gas emissions from the upstream fossil fuel industry increased to 130 million tonnes from 83.3 million tonnes for an increase of 64.1 percent. Emissions reflect the 65 percent increase in total production of oil and gas in the period, most of which was exported to the United States. Net oil and gas exports grew by 613 percent (almost ten times the rate of growth of oil production), while net exports of natural gas increased 138 percent (almost twice the

rate of growth of natural gas production). Over the period, the sum total of net oil and gas energy exports increased by 192 percent. Oil sands development makes Canada an international energy player with an opportunity to lead the world in investment in carbon capture and sequestration technologies. Carbon dioxide is being captured and injected into depleting oil fields today to enhance oil recovery. We need to expand that effort.

We must also improve our tax system so that it has the right incentives to help us achieve a more sustainable economy and society. In facing up to the Kyoto challenge, we have made minimal use of our taxation system to send price signals to help consumers, businesses and the economy to adjust to the need to reduce greenhouse gases. If done wisely, using the tax system and prices to achieve a more sustainable economy will make us more competitive, as we encourage greater energy efficiency in our economy. We also need to encourage the use of energy-efficient appliances, building standards and alternative energy sources, and the use of more fuel-efficient cars. Combined with income tax cuts, this can be done in a revenue-neutral way. We can improve the environment without hampering productivity.

The Conservatives are attempting to take us down paths that do not reflect our strengths or speak to our most pressing challenges. On foreign policy, Canada's voice has gone missing under the Conservatives. Most Canadians support Kyoto, child care, and rights for minorities. They want to see us investing in education, health care, and research and innovation. Canadians want and deserve an alternative that is hopeful, generous, dedicated to building prosperity and sharing opportunity. I want to help shape that alternative and get our country back on track.

I have learned a great deal about federalism. I worked on and supported the Meech and Charlottetown Accords, but in recent years the experience of working with nations struggling to create their own federalism has also deepened my appreciation for what we have achieved in Canada. The Liberal Party of Canada has a fine tradition in building federalism that needs to be remembered and revered. From Laurier to Martin, Liberals have understood the twin needs to be sensitive to the concerns of Quebec and French Canadians without compromising the ability to relate directly to all the citizens of Canada. Reconciliation and a deepened

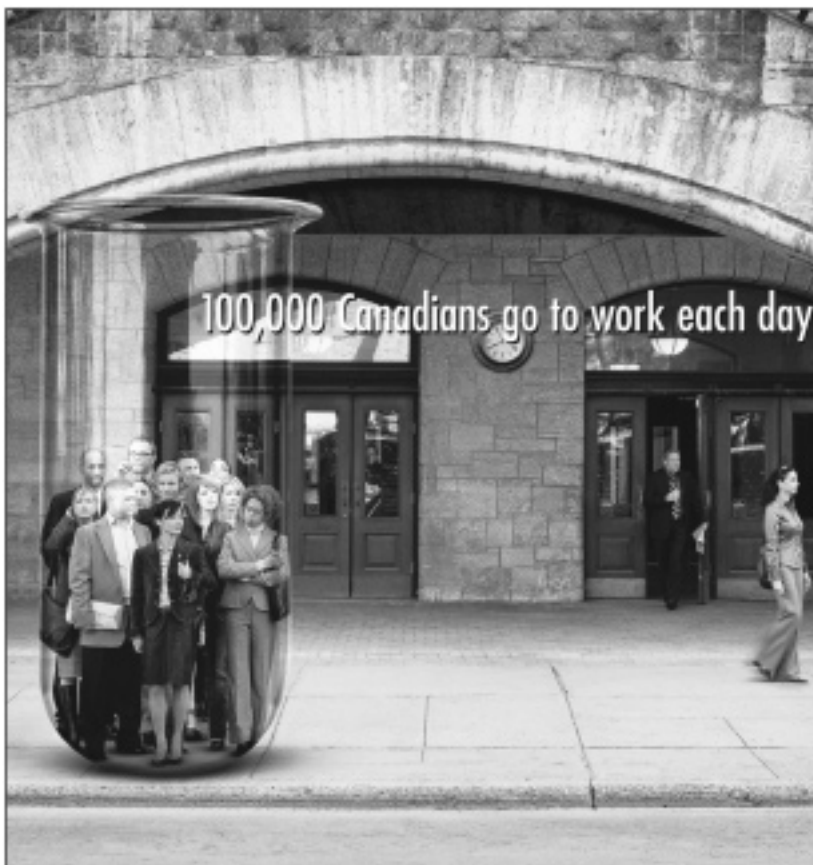
relationship with Aboriginal peoples is a further challenge to which our federal system can and must respond. Throughout my career, I have been a passionate advocate of federalism. Canada needs common institutions to advance our common purpose. Political relations can always be improved, and ultimately we share far more than divides us. But this is no time for abstract discussions. Real improvements in how things work should be the goal.

I have had extraordinary opportunities to serve over the years. Every project has introduced me to more Canadians, taught me more about

what is meaningful to us, shown me more about who we are as a people.

From Burnt Church to softwood lumber, from terrorism to education, I have been forced to think of practical, workable solutions to seemingly intractable problems. I cannot claim to have always succeeded. I bear, as Teddy Roosevelt once said, the scars of having fought in the arena. But the arena is where one learns how to fight for what one believes in — and how to win.

Former IRPP chair Bob Rae, premier of Ontario from 1990 to 1995, is a leading candidate for the leadership of the Liberal Party of Canada.



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100,000 jobs created in Canada



*Source: PricewaterhouseCoopers, R&D Companies: Driving a Better, Stronger Canadian Economy, 2005.