

WINDOW ON THE

WEST

WESTERN CANADIAN POLICY MATTERS

NOVEMBER 2011 | www.cwf.ca

FORTY YEARS of defending the WEST

The West is in? In what? For how long?

Asian Aspirations

Avoiding a Personality Crisis



CanadaWest
FOUNDATION

Canada West Foundation is 40 years strong!

The Canada West Foundation is the only think tank dedicated to being the objective voice for public policy issues of vital concern to western Canadians. Sometimes these issues are unique to the West, but more often they resonate right across Canada.

We are resolutely nonpartisan. We let the research do the talking rather than rely on predetermined positions.

Our goals are straightforward: better government policy; a prosperous West in a prosperous Canada; fair treatment of all regions in the federation; and a strong democracy based on open debate and meaningful citizen engagement.

Over the past 40 years, our research and recommendations have advanced all four of these goals. We are a source of ideas and information. We are a facilitator of discussion and civic participation.

We give the people of British Columbia, Alberta, Saskatchewan and Manitoba a voice. A voice for their aspirations, interests and concerns. As westerners, we understand the people and the places of the West. We know our history and how it influences our future. Whether it is the economy, energy, environment, education, healthcare, taxes, social services, urban issues, intergovernmental relations or any other policy area of importance to the West, we have researched it, commented on it, stimulated debate about it and recommended practical options for improving the policy response. All from a uniquely western point of view.

We look forward to continuing to serve this great region and country over the next 40 years!

CANADA IS STRONGER WHEN THE WEST IS THRIVING!

Our Vision

A dynamic and prosperous West in a strong Canada.

Our Mission

A leading source of strategic insight, conducting and communicating nonpartisan economic and public policy research of importance to the four western provinces and all Canadians.

Our mandate is to explore public policy issues of particular interest to western Canadians, to test national policies against regional aspirations and to ensure an effective regional voice in national policy discussions and the national political process.

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Window on the West provides insight into the key economic and public policy issues facing western Canada. It is published four times a year by the Canada West Foundation. Permission is hereby granted to use or reproduce this publication for personal or classroom use without fee or formal request. Copies may not be made or distributed for profit or commercial advantage.

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Turning 40

I was just a baby back in 1971 when the Canada West Foundation was created. A lot has changed since then and a lot has stayed the same.

We saw the population of the West grow and diversify. We witnessed the rise of the Reform Party and the Bloc Quebecois. A national election was fought over free trade. Oily sand once used to weatherproof canoes became the basis of the largest engineering project in human history. Mayors, premiers and prime ministers came and went. China became an international economic force.

Never happy with its image as a frontier outpost and junior partner in Confederation, the West continued its evolution toward the dynamic, prosperous, wealthy and powerful region that it is today.

But, as they say, the more things change...

We still have not been able to turn the Senate into a democratic institution capable of ensuring that Canada's regional diversity is fully represented within the national government. Down recently, but far from out, the US remains our best economic friend. Western Canadians still want the same basic things: great communities in which to raise kids and enjoy life, the opportunity to earn a decent living, the freedom to be who they want and to be part of country that understands, appreciates and respects them.

Amid the change, Canada remains a country of wonderful complexity and vast distances. As such, the need for strong regional voices is as pressing as it was in 1971.

As westerners, we are lucky to have had the Canada West Foundation around for 40 years to stand on the ramparts of public policy and defend our interests and explain our positions. Independent. Creative. Steadfast.

The country has also been lucky to have a regional institution devoted to a simple axiom: strong regions make for a strong Canada.

Here's to another 40 years of valuable research, insightful commentary and much-needed stirring of the Canadian political pot. Kudos CWF!



Robert Roach
Editor





DR. ROGER GIBBINS 8

Roger is the Canada West Foundation's President and CEO. Roger has been at the helm of the Foundation since 1998. He served as Head of the University of Calgary's Political Science Department from 1987 to 1996. Roger's knowledge of western Canadian public policy and the region's constantly changing relationship with the rest of Canada is unparalleled and he is known for tirelessly crisscrossing the country spreading the word about the West's aspirations and needs.



MICHAEL HOLDEN 13

Mike is the Canada West Foundation's Senior Economist. Mike's keen eye for seeing through the noise of economic information and identifying the important signals has served him well in his role at the Foundation. Mike received his economic training at the University of Alberta and Queen's University and cut his economic teeth at the Atlantic Provinces Economic Council and the Library of Parliament.



DR. ROSLYN KUNIN 26

A member of the Order of Canada, Roslyn was the Executive Director of the Laurier Institution and was the federal government's Regional Economist in British Columbia and the Yukon for 20 years. Based in Vancouver, Roslyn runs a successful economic consultancy and serves as the Canada West Foundation's BC Office Director.



SHAWNA RITCHIE 22

Shawna is a Senior Policy Analyst with the Canada West Foundation. Her background in political philosophy and abiding love of the outdoors shapes her perspectives on public policy. Shawna recently co-authored two books for the Canada West Foundation: *An Extraordinary West* and *Catching a Rising Tide*.



ROBERT ROACH 4, 24

Rob has been with the Canada West Foundation since 1995 and has served the organization in a variety of ways. He is the Foundation's Vice President, Research. Rob recently completed a book with former Canada West Foundation Chief Economist Todd Hirsch entitled *The Boiling Frog Dilemma: Rewriting Canada's Economic DNA*.



LARISSA SOMMERFELD 16

Larissa is the Canada West Foundation's resident water policy expert. As a Senior Policy Analyst with the Foundation, Larissa recently completed a series of roundtables with water experts from across the West and has embarked on a major new water project focused on water as an economic input. Larissa has degrees in Political Science and International Relations from the University of Calgary.

The West is in

In what exactly? And for how long?



A SELECTION OF

Western Canadian
Historical Highlights

{1971-2011}

1971

JUN 23 Allan Blakeney's New Democrats win Saskatchewan election.**AUG 30** Peter Lougheed's Progressive Conservatives win Alberta election.

1972

AUG 30 Dave Barrett's New Democrats win BC election.**SEP 15** Frank Arthur Calder becomes the first Status Indian Cabinet Minister in Canada after appointment to BC Cabinet.**OCT 30** Pierre Trudeau's Liberals reduced to minority status in federal election.

1973

JAN 25 Irish Stardust runs aground north of Vancouver Island causing an oil spill.**JUN 28** Edward Schreyer's New Democrats win Manitoba election.**JUL 24-26** First and last Western Economic Opportunities Conference held in Calgary.

BACK IN THE 1980s, magazine publisher Ted Byfield coined the phrase “the West wants in” and the Reform Party adopted it as its battle cry. The phrase can be interpreted in many ways but two meanings are particularly important.

First, it was a rejection of western separatism and, by extension, Quebec separatism. Preston Manning and the Reform Party decided to seek power *within* Confederation rather than attempt to break it apart. The “in” they were referring to was Canada. While more disdain was reserved for Quebec separatists, the West wants in movement also spurned westerners who believed that they could do better if they abandoned Canada.

Second, the phrase implied that there was something blocking the West’s full participation in national politics and policy. Something was rotten in the state of Canada that needed to be fixed. They were right (no pun intended). Western Canada was treated as—at best—a junior partner in Confederation by the powerbrokers in Ontario and Quebec. The Liberal Party under Trudeau ranged from being openly hostile to the region to simply ignoring it. The Progressive Conservatives under Mulroney failed to live up to expectations. They came to be seen as wolves in sheep’s clothing who only seemed to care about the West when it was convenient. The wealthy businessmen (and back then it was virtually all men) on Bay Street had their eyes firmly fixed on central Canada and saw the West as a frontier outpost to be exploited and then forgotten. (These are, of course, generalizations, but they capture the dominant zeitgeist of the period.)

At the same time, the Canadian Senate—the federal institution that should have been protecting and advancing regional interests—was woefully ineffective as a regional voice.

In order for the West to be in, some major changes would have to happen.

The Reform Party pursued these changes with gusto. This stance, along with other parts of its platform (e.g., populism, social conservatism, fiscal restraint) either

attracted or repelled voters. In the end, the Reform Party was spectacularly successful in the West and its electoral success in the region left a mark on federal politics that lasts to this day. The Reform Party got the West to the front of the line, just not past the bouncer and into the club itself. The real brass ring was for a western-based political party to become more than the Official Opposition. To be truly in, at least in this partisan sense, a western-based party had to bust out of its regional box and form the national government.

Fast forward to the unification of the Canadian Alliance (nee Reform) and Progressive Conservative parties and the successive victories of the Harper Conservatives and we find ourselves living out this scenario. The Prime Minister is from Calgary and his government has a strong western bent. Western MPs on the government side of the House are not the only ones with a say (which was never the goal and nor should it be in a country as vast and diverse as Canada). Nonetheless, they are a strong enough force that the West is definitely “in” when it comes to regional influence in the House of Commons and the Cabinet.

Running parallel to this change of electoral fortunes has been the rising oomph of the western Canadian economy within the national economy. Everyone from big wigs on Bay Street to everyday Canadians trying to save for their retirements either does or should pay close attention to what’s happening out West. The western economy is no longer the economic periphery to central Canada’s manufacturing heartland. In this sense, the West is in. But economic power is not a substitute for political power. The reality is that the rest of Canada is far more populous than the West and, in turn, economic success—no matter how beneficial to the country as a whole—does not guarantee that the region’s concerns and aspirations will be heeded by Ottawa. In addition, if the West’s economic fortunes change, it could find itself back out in the cold rather quickly.

As such, the West is “in” but only insofar as the current Prime Minister and a good chunk of his government are from the West. The problem is that this is a *temporary* phenomenon. Westerners should not have to rely on a partisan election outcome or where the Prime Minister of the day is from to be

1974

JUL 2 Ralph Steinhauer becomes first Aboriginal Lieutenant Governor when he is appointed Lieutenant Governor of Alberta.

JUL 8 Pierre Trudeau's Liberals win a majority government.

NOV 29 A Canadian Pacific Boeing 737 hijacked in Saskatchewan.

1975

MAR 25 Peter Lougheed's Progressive Conservatives win Alberta election.

JUN 11 Allan Blakeney's New Democrats win Saskatchewan election.

DEC 11 Bill Bennett's Social Credit Party wins BC election.

1976

JAN 1 Petro Canada begins operations.

OCT 29 Potash Corporation of Saskatchewan nationalizes the Duval mine.

1977

MAY 9 The final report of the Mackenzie Valley Pipeline Inquiry is released.

OCT 11 Sterling Lyon's Progressive Conservatives win Manitoba election.

adequately represented in the federal government. What we need is structural change that ensures that *all regions* of Canada have a permanent and powerful voice within the federal government itself regardless of which party forms the government. One of the reasons regional representation is so important in Canada is that our population is very unevenly distributed across a vast country marked by significant regional differences.

Ontario has the most democratic weight in the House of Commons because it has the most people. Fair enough. But a good democracy is much more than mob rule. In a properly functioning democracy, the will of the majority is mitigated by a concomitant respect for minority rights. This also applies to regional interests. It follows that respect for regional interests should not be dependent upon which party forms the government. It has to be hardwired into the system.

Relying as we do on provincial premiers to rattle the cage of the federal government from outside is a poor substitute for meaningful and permanent regional representation within the federal government itself. This is what the Senate is supposed to do but, for a whole bunch of reasons, doesn't. Whether it is changes to the Senate or other reforms, something needs to be done to improve how the federation addresses regional interests.

To the Conservative's credit, they have initiated legislation to get the ball rolling on structural change so that the West will, with luck and a lot of hard work, be fully and permanently in. For this to happen, statesmanship on the part of everyone involved including the premiers will have to trump short-term politicking and turf protection.

It is also important to note that getting in is only step one. Regional issues are not a symptom of an unhealthy or dysfunctional federation. On the contrary, understanding, incorporating and celebrating regional diversity is what makes Canada a great nation and the degree to which we fail at this is the degree to which we weaken Canada. Getting in does not end the need for regional representation but rather creates an opportunity to take full advantage of Canada's regional richness. We still need to work at understanding each other, incorporating unique regional circumstances and finding ways to align regional aspirations.

As it stands, the West is in when it comes to having strong western representation on the government side of the House. How long will this last? No one knows, but history suggests that it won't last forever. The next Prime Minister of Canada could be from Ontario, Quebec or Atlantic Canada and his or her geographic support may be concentrated outside the West.

We also need to keep in mind that people vote for many reasons and parties are about a lot more than regional issues. This is why regional representation should be *structural* rather than at the whim of partisan politics. We can do better than this and we need to do better because regional tensions, misunderstandings and infighting cost the federation in terms of missed opportunities and wasted civic energy. Regional diversity is not the problem. Failing to integrate the diversity is where we fall short as a nation.

The need to articulate and advocate for regional interests will always be part of politics and policy in Canada because we are a nation of regions. What we can change is how those interests get heard and addressed at the federal level. **W**

Jim Hume Intern Program

The Jim Hume Student Internship Program

James Borden (“Jim”) Hume was an ardent supporter of the Canada West Foundation. He believed that a strong public policy voice from western Canada was of benefit to all Canadians. One of Jim’s ongoing priorities was the need to encourage the active involvement of young Canadians in community life and public policy.

Since 1985, the Canada West Foundation’s Student Internship Program has engaged top post-secondary students and recent post-secondary graduates to help expand its research capacity and to provide interns with experience conducting public policy research and engaging citizens in the public policy process. The program was renamed in honour of Jim Hume in 2010.

“My time at Canada West Foundation has afforded me the opportunity to engage with forward-thinking experts who introduced me to new concepts and analytical frameworks. I have gained invaluable exposure to the world of policy development. I look forward to applying these lessons in the future.”

RACHEL FRIDHANDLER

“I have had internships in the past, but the Canada West Foundation internship has given me the most unique and valuable experience. The opportunities I was given while planning and attending events has allowed me to meet extraordinary people, visit interesting places, and take in the exciting policy research that is changing our nation.”

KRISTINA PERSAUD

To find out how you can support the *Jim Hume Intern Program*, please contact Grace Kucey, Acting Vice President, Operations.

kucey@cwf.ca
403.538.7348

JIM HUME INTERN PROGRAM
www.cwf.ca



Summer 2011 Interns: David Hume, Rachel Fridhandler, Kristina Persaud, Ann Pham, Robbie Rolfe

Asia Won't Wait



1978

AUG 3–12 Commonwealth Games held in Edmonton.

OCT 18 Allan Blakeney's New Democrats win Saskatchewan election.

1979

MAR 14 Peter Lougheed's Progressive Conservatives win Alberta election.

APR 3 Bill Bennett's Social Credit Party wins BC election.

MAY 22 Joe Clark's Progressive Conservatives form a minority government.

1980

FEB 18 Pierre Trudeau's Liberals win federal election.

APR 1 Two-quarter recession begins.

OCT 28 National Energy Program introduced in the federal budget.

1981

JUL 1 Severe six-quarter recession begins.

SEP 15 West Edmonton Mall opens.

NOV 17 Howard Pawley's New Democrats win Manitoba election.

WESTERN CANADIANS INCREASINGLY SEE THE almost explosive growth of Asian economies as the solution to waning export prospects in our traditional American market. The combination of growing Asian demand for natural resources and the vast resource base in western Canada is seen as the key to sustained prosperity. However, it may be a difficult key to turn.

Faced with what is likely to be a prolonged economic downturn in the United States, growing turmoil over pipeline access to continental markets, a glut of shale gas and growing economic protectionism (often wrapped in the green flag of environmentalism), western Canadians, and indeed all Canadians, have every reason to be concerned about our singular reliance on American markets.

Relying on a single buyer is always a risky strategy and it becomes even more so when that buyer encounters the problems that Americans face. There is, then, a growing push for market diversification, and in the case of western Canadian resources, diversification means opening up markets in Asia. Our salvation will not be found in Europe, even though incremental increases in trade may be possible, and it will not be found in Russia or South America, which are far more likely to be fierce competitors. For western Canadians, Asia is really the only game in town.

And here, there is a strong sense of optimism across the region. In the face of rising Asian demand, western Canadians are quick to say, too quick to say, that we have what the world wants—natural resources and food—and thus believe the world will beat a path to our door. When we put our huge resource base up against Asian demand that is growing almost exponentially, it is easy to assume that our future economic prosperity is assured.

However, and it's a big *however*, it is far from clear that Asian demand will translate easily into western Canadian markets, or whether it will translate at all. The assumption that growing Asian demand will offset declining American demand ignores a host of troublesome realities.

At present, Asian markets are largely hypothetical because we have no way of moving much of our production to the west coast and beyond. There are no pipelines to carry oil sands production to the west coast, no natural gas pipelines from north eastern BC or Alberta and no liquefaction capacity on the west coast. We have bits and pieces of the needed energy infrastructure, but nothing of the scale needed if Asian markets are to replace waning American demand. Assets in the ground count for little if those assets cannot be moved to market.

Nor have we come to grips with the distance of many Asian markets from western Canadian suppliers. India and China are not exactly close, and there are other natural resource suppliers that are closer. On geographic grounds alone, we will not be the supplier of first choice.

It is also not evident, and despite a large Asian Canadian population, that we are well equipped with the soft skills we will need to crack Asian markets. In many ways, Canadian exporters across the board have been spoiled by our location next door to a huge American market that shares the same language, legal systems and cultural norms, and where many if not most exports take place within the same firm.

1982

APR 26 Grant Devine's Progressive Conservatives win Saskatchewan election.

AUG 21 Prime Minister Trudeau gestures obscenely to protestors in Salmon Arm, BC.

NOV 2 Peter Lougheed's Progressive Conservatives win Alberta election.

1983

MAY 5 Bill Bennett's Social Credit Party wins BC election.

NOV 17 Western Grain Transportation Act passed.

1984

SEP 4 Brian Mulroney's Progressive Conservatives win federal election.

1985

MAR 29 Two Canadian Armed Forces Hercules transport planes collide in mid-air near CFB Edmonton, killing 10.

SEP 25 The Royal Tyrrell Museum of Paleontology opens in Drumheller, Alberta.

This experience does not equip us well to penetrate Asian markets where very significant language, cultural and legal barriers exist. We too easily assume that because “we” have what “they” want, we will be able to conduct any negotiations on our terms. This may have been the case yesterday, is perhaps the case today, but it will not be the case tomorrow.

In short, we take a false sense of security from our vast asset base. We may have what the world wants and needs, and specifically what Asian markets want and need, but we do not have a monopoly on supply. Far from it. The global market for natural resources is highly competitive, and we bring few intrinsic advantages to the table.

All of this means that rather than counting on the world beating a path to our door, we will have to do much of the beating. We will have to figure out quickly how to get our natural resources to and off the west coast. And, we will have to do so within an environmental management system that is world class and that is seen by others to be world class.

Unfortunately, our inbred Canadian sense of complacency leads us to believe that there is no urgency, that we can move at our own leisurely pace and that Asian markets will wait for us. However, we ignore at our peril that other countries are queuing up to meet Asian demand.

Think, for a moment, about our experience with the Mackenzie Valley pipeline originally proposed to bring Arctic natural gas south to continental markets. The development work began in the late 1960s and now, almost 45 years later, there is still no pipeline in sight. We would be foolish indeed to believe that we can go to potential Asian customers and say, “just wait for 45 years, and we may have solved the west coast access issue.” We would be, should be, laughed out of the room.

With respect to the rapidly moving Asian economies, there is a real sense of urgency, a window of opportunity that will not remain open forever. Asia will not wait.

This sense of urgency, I would argue, must inform a national strategy on Asian access. The problems are too big for individual firms and projects to crack. We have to recognize that our national interest is at stake, and act accordingly as we did with similar projects in the past designed to expand or secure market access—building the CPR and CNR, the St. Lawrence Seaway, the TransCanada Pipeline, the Auto Pact and NAFTA.

If you believe, as I do, that market diversification is essential for sustainable prosperity in western Canada, then there is no avoiding the conclusion that the routes to such diversification all lead through Asia. But, Asia will not come to us; we will have to go to Asia, and soon. **W**

Order now

Catching a Rising Tide



The Canada West Foundation published an inspirational new publication about Canada's energy future on October 12, 2011. *Catching a Rising Tide: A Western Energy Vision for Canada* is a unique book by Sheila O'Brien and Showna Ritchie. Drawn from one-on-one conversations with 50 leading western Canadian experts in energy and the environment who shared their vision for energy, this book illustrates Canada's current energy reality and highlights the opportunities for a bright energy future.

Catching a Rising Tide: A Western Energy Vision for Canada is available for purchase at www.cwf.ca

Also available: *An Extraordinary West: A Narrative Exploration of Western Canada's Future*. This beautiful hard cover volume showcases the five policy challenges that the West must address to achieve its full potential in the coming years.

HOT SPOTS

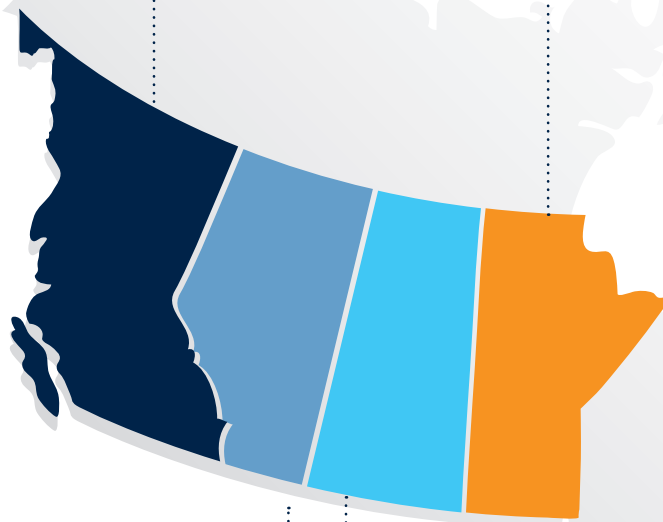
BRITISH COLUMBIA

British Columbians reject HST

The results of a mail-in referendum on BC's Harmonized Sales Tax were announced on August 26. The anti-HST forces were victorious with 55% voting to dump the HST and go back to the Provincial Sales Tax. The HST was introduced in 2010 and harmonized the 7% PST with the 5% GST for a total sales tax in the province of 12%. Opposition to the new system was due in part to the fact that some purchases that were not exempt (e.g., restaurant meals, airline tickets, funerals and haircuts) as they were under the PST.

It appears that the province will have to pay back the **\$1.6 BILLION**

it received from the federal government as a transitional allowance.



ALBERTA

Alison Redford sworn in as Alberta's Premier

On October 7, Alison Redford was sworn in as Alberta's 14th Premier. Redford defeated Gary Mar and Doug Horner in a Progressive Conservative Party leadership race triggered by the retirement of Premier Ed Stelmach. An election is expected in 2012. Redford will face off against Danielle Smith of the Wildrose Party, Raj Sherman of the Liberal Party, Glenn Taylor of the Alberta Party and Brian Mason of the NDP.

The PCs have been in power in Alberta since 1971. Redford is the province's

1ST FEMALE PREMIER.

SASKATCHEWAN

Things are bigger and better in Saskatchewan

On July 1, 2011, Saskatchewan reached an all-time high of 1,057,884 people. Only a few years ago, the provincial population was shrinking, but a strong economy has reversed this trend.

Perhaps a sign of consumer confidence or just good old fashioned Rider Pride, Saskatchewan Government Insurance has sold 22,000 Saskatchewan Roughrider license plates since May 2010. The program has generated about

\$585,000 in revenue for the popular football club.

The Saskatchewan provincial election set for November 7 was after our publication date. The results will be reported in the next edition of Window on the West.

MANITOBA

Greg Selinger wins majority government

Manitobans went to the polls on October 4 and returned the New Democratic Party to power for the fourth time since 1999. The NDP won 37 of the 57 seats up for grabs. The Progressive Conservatives won 19 seats and the Liberals managed to win only a single seat. The NDP received 46% of the popular vote compared to 44% for the Conservatives. Voter turnout was **57.5%**.

Greg Selinger became Premier in 2009 after Gary Doer stepped down. Hugh McFayden announced that he will step down as the Leader of the Conservatives.

ECONOMIC WATCH



Uncertainty in the Global Economic Outlook

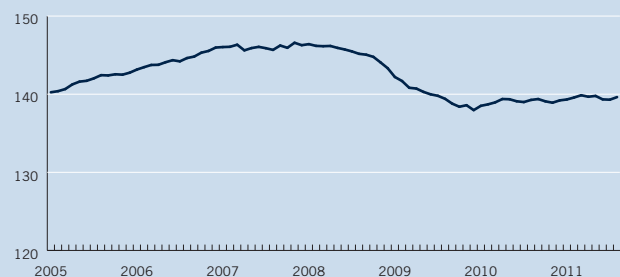
THE ECONOMIC OUTLOOK for western Canada is heavily influenced by factors entirely beyond the region's control. Global economic conditions feed into demand for western Canadian goods and services. This affects regional production levels as well as business investment, employment and government fiscal balances. This year, even more than in the recent past, the outlook is unclear. In particular, three major issues are creating a tremendous degree of uncertainty about the outlook for the global economy and, consequently, for economic growth prospects in western Canada.

First is the ongoing fiscal crises in several EU countries, and in Greece in particular. Many economists consider Greek default to be all but inevitable. For them, the only issue is whether or not the EU can implement sufficiently robust policy measures to prevent that default from creating an economic contagion and spilling over into other heavily-indebted EU countries and the fragile financial sector. Such a contagion could once again plunge the world into a global economic recession.

The second issue is the fiscal outlook for the US. While the US came close to defaulting on its debt-servicing obligations this past summer, its situation is far different from that of Greece. For one thing, there is no danger of the US being unable to pay its bills. Any US default would be the result of political factors rather than a lack of fiscal capacity. Political factors are a growing concern as the US political climate becomes increasingly fractious and divisive. Moreover, even if US politicians reach an agreement on a deficit-reduction strategy, the required fiscal retrenchment will create a drag on US growth in the years ahead.

The final major issue that has global economic implications is the ongoing structural weakness in the US economy. This weakness is most obvious in labour markets; the US has been unable to create any net new jobs since mid-2009. Overall employment levels in August 2011 remain 4.6% below the peak pre-recession level (January 2008). The national unemployment rate has declined somewhat recently—from 9.5% in August 2010 to 9.1% a year later, but only because more people have given up looking for work and thus no longer count as unemployed. Coupled with a still-frail housing market, the potential for a US-led economic downturn—or a prolonged period of stagnation—remains a very real concern.

US CIVILIAN EMPLOYMENT (MILLIONS)



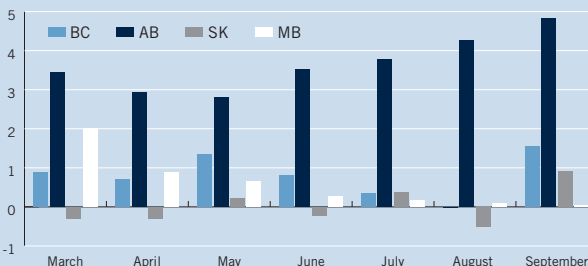
Source: US Bureau of Labor Statistics

LABOUR MARKETS

The past year has generally been a poor one for western Canadian labour markets. In Manitoba, average employment levels in the third quarter of 2011 were essentially unchanged compared to a year earlier, while a stronger-than-expected uptick in new jobs this past September prevented BC and Saskatchewan from experiencing a similar result.

Alberta stands out as a notable exception to this general trend. Led by torrid growth in Edmonton, job creation in that province has soared, with total employment rising by 4.3% since the third quarter of 2010 on a year-over-year basis. It is important to note, however, that this surge in employment comes after a period of pronounced weakness in the province. The Alberta job market was especially hard hit by the recent recession and only began adding new positions in the spring of 2010. By that point, the recovery had been well underway in most other provinces.

YEAR-OVER-YEAR EMPLOYMENT GROWTH IN WESTERN CANADA – 2011 (%)

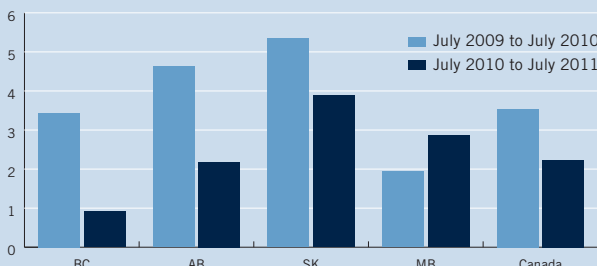


Source: Canada West Foundation calculations using Statistics Canada data.

WEEKLY EARNINGS

Flat job creation has dampened earnings growth in western Canada so far in 2011 compared to last year, but wages and salaries in most of the region are still growing faster than elsewhere in the country. Residents of Saskatchewan, especially, are finding their wallets heavier: average weekly earnings in that province in July 2011 were up 3.9% from a year earlier, the highest rate of growth of any province outside of Atlantic Canada. Manitoba has also enjoyed above-average growth in wages and salaries, while those in Alberta have grown in line with the national average. In BC, however, weekly earnings have grown by just 0.9% since July 2010, the lowest growth rate in the country.

AVERAGE WEEKLY EARNINGS GROWTH (%)



Source: Canada West Foundation calculations using Statistics Canada data.

CANADA WEST FOUNDATION

CURRENTS

WESTERN CANADA'S ECONOMIC BULLETIN

Sponsored by Canadian West Bank, *Currents* is a bi-monthly publication that tracks economic trends and examines the critical economic issues of the day.

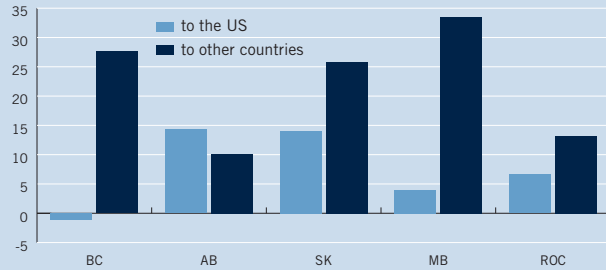


INTERNATIONAL TRADE

2011 is shaping up to be a good year for western Canadian exporters. For the region as a whole, merchandise exports from January to July 2011 were up 14.5% over the same period last year, compared to an 8.1% growth rate for the rest of Canada.

Most of that export growth has been to non-US destinations as the region continues to look overseas for business opportunities. While there has been significant growth in exports to the UK, Netherlands and several other countries around the world, most of western Canada's trade growth this year has been in Asian markets. Manitoba and BC stand out in this regard; exports to Asia from those two provinces have grown by 36.9% and 29.5%, respectively, through the first seven months of the year compared to the same period in 2010. Except for PEI, Alberta is the only province in Canada where growth in exports to the US has exceeded growth in exports to other destinations.

YEAR-TO-DATE EXPORT GROWTH
JANUARY TO JULY 2011 (%)



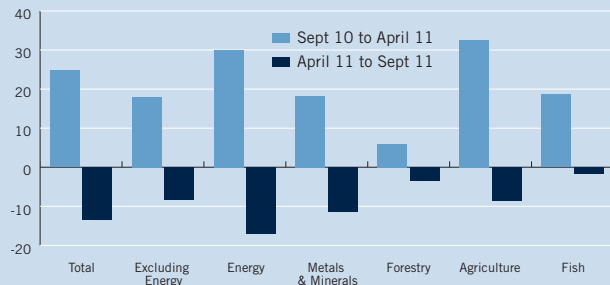
Source: Canada West Foundation calculations using Statistics Canada data.

COMMODITY PRICES

Global economic uncertainty is beginning to weigh on world commodity prices, affecting the value of many of western Canada's most important resource products. After a strong period of growth in 2010 and into the spring of this year, prices have fallen across all major commodity categories since April 2011. The decrease has been especially strong in energy, and in metals and minerals prices.

In spite of this decrease, prices for most commodities important to the West remain high by recent standards. In particular, farmers stand to benefit from strong prices for crops such as wheat, barley and canola. In addition, prices for metals and minerals remain close to their pre-recession peak levels. Gold prices are especially strong as investors tend to flock to the precious metal in times of economic uncertainty.

COMMODITY PRICE GROWTH (%)



Source: Canada West Foundation calculations using Bank of Canada data.





We've Got Some Things to Fix

Water Policy in Western Canada

Western Canada has its fair share of water woes: water scarcity in the Okanagan Basin, southern Alberta and Saskatchewan; water quality concerns linked to agriculture, urban expansion and oil and gas development; and poor water quality in rural areas and on Aboriginal reserves.

1986

MAR 18 Howard Pawley's New Democrats win Manitoba election.

MAY 2–OCT 13 Expo 86 held in Vancouver.

MAY 8 Don Getty's Progressive Conservatives win Alberta election.

OCT 20 Grant Devine's Progressive Conservatives win Saskatchewan election.

OCT 22 Bill Vander Zalm's Social Credit Party wins BC election.

OCT 31 Prime Minister Mulroney awards CF-18 contract to Bombardier of Montreal instead of Bristol Aircraft of Winnipeg.

1987

APR 1 Department of Western Economic Diversification established.

APR 30 Premiers agree to Meech Lake Accord.

JUL 31 Edmonton Tornado kills 27 and injures more than 300 people.

OCT 31 Reform Party of Canada founded.

1988

FEB 13–28 XV Winter Olympics held in Calgary.

APR 26 Gary Filmon's Progressive Conservatives win Manitoba election.

OCT 4 Free Trade Agreement signed.

NOV 21 Brian Mulroney's Progressive Conservatives win federal election.

On top of these domestic concerns, we cannot forget global shifts that could affect our future water supply and usage patterns. Increased demand for western Canadian food and energy will put pressure on our water system. Add to this mix changes in weather associated with climate change and it becomes clear that we must manage our water as best we can right now—*before* a real crisis is on our hands.

This may all sound ominous. But it does not have to be. Figuring out how to address our water worries at home will ensure that we will be ready for the predicted wave of global change. And who knows what kinds of new ideas and innovations will arise from tackling these water troubles?

We should never stagnate in water policy. We must keep up with the changing world around us.

But the challenges seem immense and complicated. Where do we start? Where do our leaders—in a political climate preoccupied with economic anxiety and where environmental issues are generally not an immediate priority—start to address water policy in a meaningful way?

Several areas should be zeroed-in on.

First, planning for the unknown is necessary. Climate change means increased uncertainty about the future. We know there will be changes in our weather patterns—too much rain, too little rain—but where and when? Governments must ensure that contingency plans are developed and in place for a variety of scenarios.

Second, we must clear up the muddy waters that often hamstring policy progress: data shortages, the polarized state of water conversations, unclear terminology and a weak interface between research and policy. These are not new issues. They have been raised time and again by those involved in water work. However, it will take government leadership and resources to make improvements in these areas.

Third, jurisdictional fragmentation must be reduced so that good water governance becomes easier. Our policies and laws stop at borders while our water keeps on flowing past them. Provinces and territories need to collaborate and work together on water policy. Working in isolation just does not make sense; we are downstream from somebody.

Fourth, natural capital—our aquatic ecosystems—must be increasingly factored into decision-making. As a society, we must gain a better understanding of the value of our water. Just how important is it to each and every one of us? Having an improved sense of the centrality of water to all aspects of our lives will leave leaders well armed to make decisions involving difficult trade-offs between the environment and economy.

And fifth, we as western Canadians need to be part of the solution. We all need water to thrive. Let's put more pressure on our politicians to take steps toward protecting our water. Our economy is strongly rooted in resource development—but we must ensure that development continues in ways that are sustainable for many generations to come.

The water challenges facing western Canada are large, and the ability of policymakers to address them sooner or later will be of critical importance. Yet, there are reasons to feel optimistic about the future: water has the potential to not only be the defining issue for western Canada in the coming years, but the issue that knits the provinces of western Canada together. Change and uncertainty are facts of life, and often the best course of action is to stop speculating and worrying and to start doing. Even addressing one of the priorities detailed above will be a step in the right direction. So, what are we waiting for? Let's start fixing western Canada's water policy. **W**

Without a Leg to Stand On

Health Care Reform and Lessons from China's Dual-Track Policy

IN AN INCIDENT REPORTED NATIONWIDE IN March 2011, emergency room patients at the Royal Columbian Hospital in British Columbia were treated in the hospital's Tim Hortons as emergency beds overflowed. Though this episode was due to a particularly busy day, there are in fact deep systemic problems responsible for the declining quality of health care in western Canada.

Rising costs and government and public opposition to change have led to the antiquation of our system of health care. And although it was an isolated incident, the Tim Hortons debacle painfully illustrates the reality that many concerned citizens, politicians and commentators have been pointing out for years: if western Canada is to maintain its reputation as a great place to live, health care must be reformed.

Health care has long been viewed as the most popular public program in Canada (Simpson 2010); Canadians feel more strongly about the health care system than perhaps any other issue. Moreover, publically-funded health care is tied closely to our national identity and differentiates us from our American neighbours like few other institutions. Indeed, "in 2005, 85% of Canadians believed that 'eliminating public health care' represented a 'fundamental change to the nature of Canada'" (Soroka 2007). Health care figures consistently in discussions of what makes Canada a great place to live.

Yet in many ways our prized health care system is in dire need of reform. Recently, costs to the provinces have begun to increase dramatically, growing faster than tax revenues or federal transfers. Accounting for around 45% of provincial spending, health care costs will almost certainly claim over half of spending in the coming decades, crowding out other areas such as education and infrastructure (Simpson 2010). Alongside this is a decline in the

quality of health care nationwide that is both perceived and real. Over 60% of Canadians are "very concerned" with the standard of health care, while wait times have increased (Soroka 2007). And the situation does not promise to improve anytime soon: the first of the baby boomers are reaching the retirement age of 65. With those older than 65 consuming 44% of health care dollars, the retirement of a generation as large as the boomers means much greater stress on the system in years to come (Canadian Institute for Health Information 2010).

Politicians have been aware of the problems facing the health care system for years, but attempts at reform have been derailed, paradoxically, by its importance and popularity. Canadians are loathe to fundamentally change an institution so dear to the national identity. In addition, new taxation methods and user fees are unpopular, meaning there has been political deadlock on significant reform; the solution so far has been to spend more and cut other services. But ultimately, this is unsustainable as was recently illustrated by events such as the Tim Hortons incident. But what can be done to break the deadlock?

The answer may be found in China's dual-track system of economic reform. In 1981, the leaders of the ruling Communist Party became disturbed by weaknesses in the state-directed planned economy and wanted to introduce market-oriented elements. Their "dual-track" solution involved preserving the planned economy in its exact form while allowing a new, market-oriented economy to evolve alongside it. This created a slow "reform without losers," ensuring those who benefitted from the previous system continued benefitting while introducing new initiatives. Since reforms started, the private sector has grown to 70% of GDP, while contributing to China's rise from ninth-to second-biggest economy in the world (Engardio 2005).

1989

JAN 1 Free Trade Agreement comes into effect.
MAR 13 Deb Gray becomes first Reform Party member to win a seat in the House of Commons.
MAR 20 Don Getty's Progressive Conservatives win Alberta election.

1990

JAN 29 Ray Hnatyshyn, former MP from Saskatchewan, is appointed Governor General.
APR 1 Severe four-quarter recession begins.
JUN 6 Stan Waters from Alberta becomes Canada's first elected Senator.

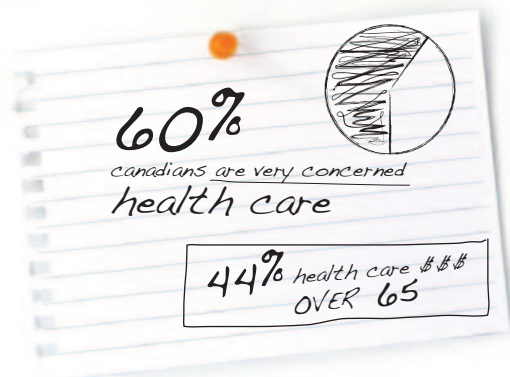
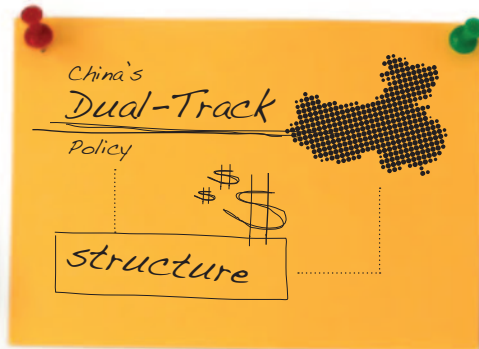
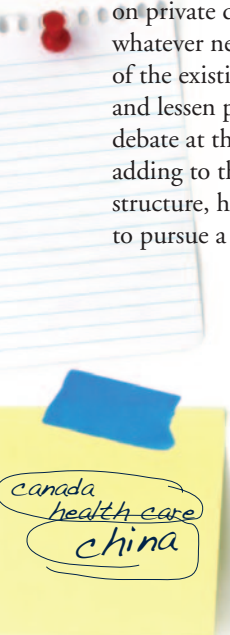
1991

JUN 23 Elijah Harper blocks Manitoba's approval of the Meech Lake Accord and sets in motion the Accord's eventual demise.
SEP 11 Gary Filmon's Progressive Conservatives win Manitoba election.
APR 2 Rita Johnson becomes Canada's first female Premier when she replaces Bill Vander Zalm as Premier of BC.
MAR 17 Mike Harcourt's New Democrats win BC election.
OCT 21 Roy Romanow's New Democrats win Saskatchewan election.

A similar approach may work in Canada's case. Although we are concerned with health reform, not economic reform, the principle of the dual-track framework is nonetheless applicable; current spending and programs could be frozen in place while a new system is gradually implemented. Be it a greater emphasis on private delivery of health services, new taxes or service cuts, whatever new reform is chosen would be applied at the margin of the existing system. This would ensure greater public support and lessen political obstacles to reform. Currently, there is debate at the federal and provincial level on health care reform, adding to the difficulty of implementing it. With a dual-track structure, however, western Canadian provinces would be able to pursue a new system while maintaining old commitments.

Significantly, the nature of the new system is not as important as change itself. Realistically a change to the health care structure would take years to implement and vary from province to province—yet in essence any of the reform options currently considered would be better and more sustainable than the status quo. The greatest dilemma facing health care in Canada today is a lack of action; the greatest strength of dual-track reform is immediate action.

Western Canadians enjoy some of the highest living standards in the world, in part due to timely access to high-quality medical care. However, rising costs and the demands posed by an aging population threaten one of our most important and cherished institutions. If we use China's dual-track economic policy as a model, health care in western Canada could once again be restored to the heights envisioned by Tommy Douglas more than half a century ago. If not, it may be left without a leg to stand on. **W**



1992

OCT 26 Charlottetown Accord rejected in national referendum.
DEC 17 NAFTA signed by President Bush, President Salinas and Prime Minister Mulroney.

1993

JUN 15 Ralph Klein's Progressive Conservatives win Alberta election.
JUN 25 Kim Campbell, MP for Vancouver Centre, becomes Canada's first female Prime Minister.
OCT 25 Jean Chrétien's Liberals form majority win federal election.

1994

JAN 1 NAFTA comes into effect.
JUL 18 First Ministers sign Agreement on Internal Trade.

1995

APR 25 Gary Filmon's Progressive Conservatives win Manitoba election.
JUN 21 Roy Romanow's New Democrats win Saskatchewan election.
JUL 17 Christine Silverberg becomes Calgary and Canada's first female Police Chief.

Felim Donnelly is in his fifth year of an undergraduate degree majoring in International Relations with a minor in French. He studies at the University of British Columbia where he is President of the International Relations Students Association, a globally-focused student-led organization. He plans on pursuing further education after completing his undergraduate degree.

Felim won the first prize in the Canada West Foundation's 2011 Student Essay Contest and earned \$5,000 for his efforts. The second and third prize essays as well as more information about the contest can be found on the Canada West Foundation's website (www.cwf.ca).

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Let's Talk Energy

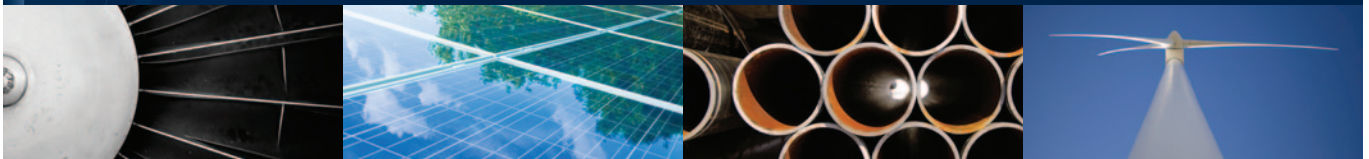
is a website that provides commentary on a broad range of energy issues related to the growing national conversation about a Canadian energy strategy.

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letstalkenergy.ca

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alumni lunch - jim gray & jim dinning



david elton



*canada west foundation
40th anniversary*



roger gibbins

ALUMNI LUNCH

Good Job, But Don't Stop Now!

AS PART OF ITS 40TH Anniversary celebrations, the Canada West Foundation invited former staff and board members to attend a luncheon in Calgary on September 9, 2011. The lunch provided an opportunity for old friends to reconnect, share war stories and celebrate the Foundation's many accomplishments. A key theme among the many conversations was the ongoing need for a nonpartisan regional institution with a mandate to increase understanding of the West and generate good ideas for improving public policy. The work of the Canada West Foundation is not done and can never be done because regional input and creative thinking about public policy are always needed.

The Foundation's past and present leadership—Jim Gray (former Chair), Jim Dinning (Chair), David Elton (former President) and Roger Gibbins (President)—were adamant that the organization will continue to play its role in Canadian democracy and that the next 40 years will be even better than the first 40. **W**

Canada, Meet Asia. Asia, Meet Canada.



1996**MAY 28** Glen Clark's New Democrats win BC election.**JUL 7-12** XI International Conference on AIDS held in Vancouver.**1997****MAR 11** Ralph Klein's Progressive Conservatives win Alberta election.**JUN 2** Jean Chrétien's Liberals win federal election.**1998****AUG 4** BC signs its first formal treaty with a First Nation since the Douglas Treaties in 1854 when it settles a land claim with the Nisga'a.**1999****JUN 21** Roy Romanow's New Democrats win Saskatchewan election.**SEP 21** Gary Doer's New Democrats win Manitoba election.

THE CANADA-ASIA ENERGY COOPERATION CONFERENCE held on September 8, 2011 was hosted by the Canada West Foundation and the Asia-Pacific Foundation. The conference was organized to examine linkages between Canada and Asia, with an emphasis on energy.

The clearest message of the day was that there is incredible opportunity for increased energy trade between Canada and Asia. Asian countries are actively seeking energy suppliers from countries like Canada at the same time Canadian governments and businesses are looking to diversify their energy customers away from an almost exclusive trade relationship with the United States.

Three things stood out as significant for Canada's trade relationship with Asia.

The first is how often Canadians seem to conflate "Asia" with "China." In all the talk about the rise of China, we seem to have collectively forgotten about many of the other Asian countries that have different cultural, economic and political realities.

The central message was that each Asian country has a unique energy reality that affects how it views the Canadian market. The Japanese are currently dealing with the loss of 38 of their 54 nuclear reactors following the earthquake and tsunami in March 2011. They plan to deal with the resulting power shortages through increased imports of fossil fuels and investments in solar power. Korea, by contrast, is finding ways to become involved in the production side of oil and gas so that it can partially offset the financial strain of needing to import almost all of its fossil fuel energy sources.

The second noteworthy aspect from the conference was how far the conversation around trade with China has shifted in the last few years. In the past, the conversation focused on human rights and ideological differences between our two countries. Today, however, there is virtually no discourse around if we *should* trade with China, instead, we are all too busy talking about how we can *increase* trade with China.

A third observation is the need for all countries involved to understand each other as much as possible. Most Canadian businesses understand the need to learn more about their current and potential Asian partners and markets. It is not as simple as "if Americans' don't want our oil, we will just sell it to China!" On top of figuring out how we are going to get our energy resources to Asia, we have to take into account cultural differences that, if left unattended, could scuttle businesses deals and hamper future trade.

Similarly, we need to make sure that our Asian partners understand how our political, economic and social systems work. It is not just a matter of us learning about Asia, but also Asia learning about Canada.

These three things in combination—the tendency to conflate "Asia" with "China," the increased desire to trade with China and the potential for cross-cultural misunderstandings—indicates that perhaps the most important thing we can do to improve our chances of developing a resilient and robust energy relationship with Asian countries is to increase our knowledge and understanding of the region while doing our best to educate Asia about us.

We need to stop seeing Asia as an open maw ready to gobble up any energy we send its way and start seeing it as a complex and dynamic part of the world, one that we need to know much, much better if we hope to succeed as their partners in the trading of energy.

The Canada West Foundation expresses its sincere thanks to all of the sponsors of the Canada-Asia Energy Cooperation Conference and Community Dinner.* Without this support, the bridge-building, knowledge exchange and new ideas generated by these events would not have been possible. **W**

Avoiding a Personality Crisis

Understanding the Tension in Canadian Energy Policy



2000

MAR 27 The Reform Party of Canada becomes the Canadian Alliance.

JUL 14 A tornado near Pine Lake, Alberta kills 11.

NOV 27 Jean Chrétien's Liberals win federal election.

2001

MAR 12 Ralph Klein's Progressive Conservatives win Alberta election.

MAY 16 Gordon Campbell's Liberals win BC election.

2002

JUN 26-27 Canada hosts G8 summit in Alberta.

MAR 20 Stephen Harper defeats Stockwell Day to become leader of the Canadian Alliance.

2003

MAY 20 Cow on an Alberta farm tests positive for Mad Cow Disease. An American ban of Canadian beef announced.

JUN 3 Gary Doer's New Democrats win Manitoba election.

NOV 5 Lorne Calvert's New Democrats win Saskatchewan election.

CANADIANS STAND TO BENEFIT by continuing to sell as much of our fossil fuel resources as we can to consumers around the world. At the same time, we see the value of reducing our consumption of fossil fuels here at home. We find ourselves in the awkward position of marketing a product to foreign customers that we want to use less of here at home. To borrow a reference from the world of illicit drugs, we don't want to get high on our own supply.

The “we” in question does not represent the views of all Canadians, but it captures the general thrust of the public policy choices being made on our behalf. We are banking on selling lots and lots of oil, gas and coal to the US and Asia, while we try (or at least talk about trying) to wean ourselves off of these same energy sources in the name of a greener system.

We are told that burning fossil fuels is adding too much carbon dioxide to the atmosphere and that this will, in turn, cause catastrophic climate change. Sounds bad, so we are taking steps—expensive steps—to address this. The goal is to embrace green energy like wind, solar and hydro power at home while we supply foreigners with old school carbon to burn.

If burning fossil fuels is bad at home, isn't it just as bad if we sell it to others to burn elsewhere? What gives? Are we simply hypocrites or is there logic to this paradox?

The first defence of our apparent hypocrisy is that the world needs our fossil fuels. If we suddenly stopped exporting our oil, for example, the global price of energy would jump as US buyers scrambled to source their energy needs from other suppliers. Higher energy prices increase the cost of food, clean drinking water, transportation, manufacturing and almost everything in modern life. The most affected by this increase will be the world's poorest people, those who can least afford to substitute and adjust their energy use.

In 10, 20, or 50 years, a new global energy system may prevent this outcome, but we are not even close to this yet. In the meantime, it makes sense for us to sell the fossil fuels we have on

hand. The alternative is to deny the developing world the chance to improve its standard of living by accessing cheap energy.

Second, the only way we will have the economic capacity to invest in transitioning to a low carbon energy system tomorrow is by selling our energy resources today. Energy is a major driver of the Canadian economy and the wealth derived from its sale could enable us to be at the forefront of research and innovation around renewable energy technologies. We have the wealth and the intellectual capacity to restructure entire energy systems for a carbon-conscious world.

By developing energy sources and systems that are greener and, hopefully, cheaper in the long-run through increased efficiency, we will not only pave the way forward by weaning ourselves off carbon-intensive energy, but eventually we can sell that technology and expertise to the developing world as well.

The reality is that some countries, like China, have more money in absolute terms, but the average Canadian is a whole lot richer than the average person in China. This means that Canadians can choose to pay more to transition to a greener energy system whereas the Chinese are currently desperate for inexpensive fuel to keep their economy growing and raise hundreds of millions of people out of poverty.

Should Canada stop trying to sell fossil fuels to countries like China? Those who feel that reducing greenhouse gas emissions trumps all other concerns, and therefore should be undertaken as fast as possible, would likely say yes. Those who feel we have more time to restructure the global energy system and that other factors, such as maintaining economic prosperity in Canada and providing fuel to an energy-hungry world should be part of the equation, would likely say no.

For now at least, Canadians will have to get comfortable with being a supplier of fossil fuels at the same time as we seek alternatives that will eventually put us out of the very fossil fuel business that helps provide the wealth needed to seek those alternatives. **W**

2004

JUN 28 Paul Martin's Liberals form a minority government.

NOV 22 Ralph Klein's Progressive Conservatives win Alberta election.

NOV 29 Tommy Douglas, former Premier of Saskatchewan, is voted "The Greatest Canadian" in a CBC poll.

2005

MAY 17 Gordon Campbell's Liberals win BC election.

MAY 17 BC's first referendum on electoral reform fails.

2006

JAN 23 Stephen Harper's Conservatives form a minority government.

DEC 14 Ralph Klein retires after 14 years as Premier of Alberta. Ed Stelmach assumes the office the same day.

2007

FEB 3 Cree singer Akina Shirt becomes the first person to perform O Canada in an Aboriginal language at a major league sporting event (a Calgary Flames game).

Ending the HST

The True Impact for British Columbia

BRITISH COLUMBIA'S NOVEL AND HISTORIC REFERENDUM ON TAXES HAS COME AND GONE.

The people have spoken, and 55% of those choosing to vote have told the government of BC what it can do with its HST. They probably would not have expressed this politely.

Many see this as the triumph of the ordinary person. Joe and Jane Public told their pointy-headed political masters just where to get off—an example of direct democracy at work.

The policy analysts have concentrated on the fiscal implications of moving away from the HST back to the old PST/GST environment. The consensus seems to be that returning to the PST/GST will cost the BC government some \$3 billion and take at least 18 months. Additionally, the government will have to deal with these costs from a revenue stream that will be \$800 million lower per annum than it was before, other things being equal.

However, other things will not be equal. Business leaders have gone so far as to describe the referendum results using words like "catastrophic" and some citizens have chosen to call their fellow citizens, those who voted against the HST, lunatics. There is the obvious and strongly felt fear that the BC economy will be badly hurt.

Now that the shouts of triumph or despair are fading away, what does all this mean to ordinary British Columbians? On the tax front, it means that when the dust settles, they will be paying 12% combined GST/PST on most purchases rather than the 10% HST the Liberal government offered as a sweetener to retain the HST.

However, it is likely that those citizens who have to hold down a job and earn a living will feel the most pain. The value-added HST saved BC's job producers billions of dollars, kept their costs competitive with other provinces in Canada and helped BC obtain and keep markets abroad. With the province returning to a high cost, less competitive state, this will result in disappearing jobs.

The added cost may cause some business leaders to decide that BC is not really a rational place in which to do business, and maybe they should consider Alberta or Ontario not only as a place to do business, but also as a place to live.

Employees in the more footloose industries like high-tech, electronics and movie-making businesses were told that removing the HST would result in operations and companies leaving the province. This is unfortunate since these are the sectors that provide the well-paid, interesting jobs that people want.

Of course, BC's forest and mineral resources cannot pick themselves up and move away. What can and will happen is that those who put their money down to turn trees and rocks into jobs and income will be looking at all the other places in Canada and the world that have trees and rocks before they invest in British Columbia.

Unquestionably, BC will still remain a very beautiful part of the world. Retiring baby boomers and tourists from across the globe will continue to come here. Service jobs to look after these people will be available. It is those who seek jobs in other sectors that will be challenged.

Premier Christy Clark has promised that her government will be fiscally responsible and seek to balance the BC budget despite the increased costs and reduced revenues she now faces. She has said that, this fall, her government will be coming out with made-in-BC job generating policies. Every British Columbian who might ever need or want employment should wish her luck. **W**

MAY 22 Gary Doer's New Democrats win Manitoba election.
NOV 7 Brad Wall's Saskatchewan Party wins Saskatchewan election.

2008
MAR 3 Ed Stelmach's Progressive Conservatives win Alberta election.
OCT 1 Canada's most severe recession since the Great Depression begins.
OCT 14 Stephen Harper's Conservatives form a minority government.

2009
APR 1 Trade, Investment and Labour Mobility Agreement (TILMA) between BC and Alberta comes into full force.
MAY 12 Gordon Campbell's Liberals win BC election. BC's second referendum on electoral reform fails.
SEP11 Western Economic Partnership agreement signed.

2010
FEB 12-28 XXI Winter Olympics held in Vancouver.
OCT 18 Naheed Nenshi of Calgary is the first Muslim to be elected mayor of a major Canadian city.
NOV 3 The federal government blocks BHP Billiton's bid for the Potash Corporation of Saskatchewan.

Canadian municipalities face challenges associated with growing populations and infrastructure needs that will cost cities billions of dollars a year.

Investing in public infrastructure:

- Is critical to the continued economic and social development of western Canada.
- Provides a necessary support for private sector investment.
- Lowers the costs to business and increases the rate of return to private capital.

- Speaks to the standard of living and quality of life enjoyed by western Canadians.
- Allows cities and regions to enjoy a competitive edge in the global information economy.

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presents innovative solutions, cutting edge technologies and best practices for infrastructure financing and delivery issues to create thriving and dynamic communities.



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THE LAST WORD

IN THE WORLD OF PRO HOCKEY, it is sometimes said that you are only as good as your last shift. What you did the game before or two seasons ago doesn't matter. Past accolades are for old timers to reminisce about over beers. What counts is your performance right now.

This is a harsh perspective. But it applies in many ways to a think tank like the Canada West Foundation. We earn our living based on what we are doing right now to improve public policy and enhance the voice of the West. There is no time or tolerance for resting on our laurels.

Our funders do not care about how we helped inform the debate on free trade back in the 80s or that we have worked tirelessly, and finally with success, to convince provincial and federal decision-makers that urban issues are actually important to Canada's economic future. It's yesterday's news that we have provided public policy research experience to the almost 100 young students who have participated in our intern program.

“Ok, kid, that's great, but get out there and show me what you can do, not what you did.”

It is for this reason that I am hesitant to spend too much time looking back during our 40th anniversary year. There is absolutely no doubt in my mind that the Canada West Foundation has done all sorts of important things for the region and for the country. But my thoughts turn almost instantly to what we are doing today—this minute—and what we will need to be doing in the future. I want to make this shift a great one.

Good policy is always in short supply, democracy is constantly in need of animation and independent voices like ours are few and far between. As a result, we cannot, and will not, sit still. The coach just tapped us on the shoulder and we are jumping over the boards to go at it again.

So while I am proud of what we have accomplished over these 40 years, my eyes are fixed firmly forward. So here's to the Foundation on it's 40th birthday. Now back to work! **W**



Roger Gibbins
President & CEO



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2011

MAR 14 Christy Clark becomes Premier of BC. BC becomes the first province to have two female premiers over its history.

MAY 2 Stephen Harper's Conservatives form a majority government.

MAY 31 NHL confirms that the Atlanta Thrashers are moving to Winnipeg.

JUN 13–AUG 5 Mail-in referendum on the Harmonized Sales Tax (HST) was held in BC. 54.7% of votes opted to scrap the HST in favour of the old system.

OCT 4 Greg Selinger's New Democrats win Manitoba election.

OCT 7 Alison Redford is sworn in as Premier of Alberta, becoming the first female Premier of Alberta. It is also the first time that four provinces and territories have had female premiers at the same time.

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