

Office of the  
Prime Minister



Cabinet du  
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**NOTES FOR AN ADDRESS BY  
THE RIGHT HONOURABLE STEPHEN HARPER  
PRIME MINISTER OF CANADA**

**NOTES POUR UNE ALLOCUTION DU  
TRÈS HONORABLE STEPHEN HARPER  
PREMIER MINISTRE DU CANADA**

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Bon après-midi mesdames et messieurs.

Good afternoon ladies and gentlemen.

Thank you Bob, for your generous introduction and for the great work you're doing as the new Member of Parliament of Mississauga – Erindale.

And allow me to also thank all the members of the Brampton and Mississauga boards of trade for your invitation to be here today.

Greetings to former Premier Davis, to Mayor Fennell and to Mayor McCallion.

Ladies and gentlemen, I am joining you today to talk about our government's economic action plan - the "stimulus plan."

And, more specifically, on the first quarterly report on the plan, which we are releasing to Canadians today.

Ce premier rapport trimestriel concernant notre plan économique soulignera la méthode utilisée afin d'accélérer les processus d'approbation des projets.

Pour réduire la bureaucratie et pour s'assurer que les dépenses de relance stimulent notre économie en temps opportun.

This report will emphasize the extent to which we are expediting approval processes - cutting so-called "red tape" - to ensure that stimulus spending, spending that is temporary and targeted hits our economy in a timely manner.

Let me just emphasize this:

We are cutting enormous amounts of red tape and we are doing it quickly.

Obviously, we are doing this in the context of a deep and unique global economic recession.

Unlike the recessions of recent decades, for example, this one is occurring without a rise in inflation and interest rates.

In fact, interest rates are at record lows and many countries face the risk of deflation.

As well, for the first time in history, all regions of the world are seeing a rapid slowing of economic growth at the same time, or a so-called "synchronized" global recession.

The immediate source of this global recession is the ongoing crisis of the financial sector in the United States and other advanced western countries.

Et permettez-moi d'être clair avec vous, chers concitoyens :

On ne sortira pas de cette récession mondiale tant que le problème du secteur financier américain ne sera pas réglé.

Mais je peux vous dire une chose :

Le Canada est le dernier pays industrialisé à être entré dans cette récession. Nous allons nous assurer que les effets soient moins graves et que nous en sortions plus vite que les autres pays et surtout, plus forts que jamais.

And let me be clear to you as my fellow citizens:

We will not turn the corner on this global recession until the American financial sector is fixed.

Our stimulus plan will help us to sustain economic activity and make transitions but it cannot fix the problem of the global financial system.

This, however, I can tell you:

Canada was the last advanced country to fall into this recession. We will make sure its effects here are the least severe and we will come out of this faster than anyone and stronger than ever.

So far, in fact, while the global recession has hit Canada hard, not nearly as hard as it has other countries.

The American economy has been hit twice as hard as Canada. The same is true for the Europeans. The Japanese have been hit four times as hard.

### Canada's Strengths

Ladies and gentlemen, in times like these I'm reminded of a quote by investor Warren Buffet.

He once said:

“It is only when the tide goes out that you know who was swimming naked.”

The global economic crisis has revealed quite a few skinny dippers but Canada is not one of them.

Notre pays entre dans la période la plus difficile que l'on ait connue mais dans une position de force significative lorsqu'on se compare aux autres pays.

This country is entering the most difficult period in memory in a position of significant comparative strength.

Our comparative strengths include:

First, according to the world economic forum, we have the strongest banking system in the world - no small asset in a period of world financial crisis.

Second, we have the best fiscal position in the G7. I speak not only of the lowest debt-GDP ratio and a long-term structural balance in the budgets of most governments but also strengths in off-balance sheet items such as a solvent public pension plan.

Third, the Bank of Canada has a stellar record of low and stable inflation. Canada should avoid both significant deflation and renewed inflation, both of which are significant risks in other countries.

Fourth, we have a highly educated, skilled, largely mobile, modern workforce. Finally, we have real economic diversity, including commodities that will be in high demand as the global economy recovers.

You should know that Canada is receiving rare recognition these days in the United States and around the world for these strengths.

And I say to you, as businesspeople, as community-builders, as citizens, if there ever was a time to put away that legendary Canadian modesty, it is now.

Notwithstanding all the troubles around us, Canada has real advantages, real assets, and we should not hesitate to remind investors, partners and leaders around the world of the comparative strengths of our country!

I also want to remind you of this:

That while our government has had to make significant changes in our economic plans to address the immediate challenges of the global recession, we have not changed our focus on longer-term economic objectives.

Les objectifs de notre plan sont largement définis par nos principes conservateurs :

Créer un meilleur cadre commercial pour les entreprises, faire des investissements publics générateurs de croissance et maintenir des politiques financières appropriées et disciplinées.

These objectives are broadly defined by our conservative principles:

Building a better market environment for business, making critical growth-generating public investments, and maintaining appropriate and disciplined fiscal policies.

In terms of strengthening markets, we continue, most importantly to lower our tax burdens.

For example, just this January 1, business rates came down significantly - soon to be the lowest in the G-7. And we created the tax-free savings accounts for individuals.

I should just mention one statistic:

Because of tax reductions introduced by Minister Flaherty in four successive budgets, the federal tax take in this country is falling to its lowest level in 50 years - the lowest since Prime Minister Diefenbaker was in office!

We are opening markets to trade.

When we took office, Canada, one of the most trade-oriented countries in the world, had free trade agreements with only five other countries.

We have now concluded deals with seven more, and we are finally making progress on internal trade with our provinces.

We are also committed to principles-based, prudent regulation of the private financial sector, including establishing national securities regulation.

In the best Canadian tradition, we are committed to avoiding extremes in this area.

We have avoided the extreme of the unregulated, or barely regulated, financial and mortgage industries that has caused such grief around the world.

Nor will this country drift into a micro-managed, nationalized sector, which will cause its own problems down the road.

We are also pursuing initiatives to improve the structural competitiveness of the Canadian economy – as in implementing, as examples, the Wilson report and the Paper Burden Initiative.

In terms of public investments, we have launched the Building Canada Plan.

Through this plan, we are making the largest infrastructure investments in this country - in highways, roads, bridges, sewers, public transit, ports, harbours, community facilities, rinks - in over half a century.

Even before budget 2009, this had already committed \$33 billion dollars of infrastructure spending over seven years.

We are also making investments in higher education, especially in the research end of education.

But we have also made targeted investments in two critical areas of human capital: Immigration and the trades shortages.

Despite the rising unemployment we see today, the demographic reality is that, as soon as this global recession ends, Canada will face a long-run challenge of labour shortage, and we are getting out ahead of it.

Closely linked to our education and research funding is our science and technology strategy.

The focus of this is on the area where we have been weakest in Canada - the successful commercialization of research and development.

Of course, we are also making some sectoral investments when necessary.

We try, where possible, to tie our aid to workers, communities, or targeted tax incentives. But, as in sectors such as automobiles and forestry, we have broadened the tools where appropriate.

The final major pillar is fiscal discipline. I will have more to say about this later.

Obviously the context changes in an era when g-20 countries have agreed to move to deficit spending in order to stimulate their economies.

But even as we are increasing expenditures temporarily for stimulus purposes, we continue to implement an expenditure management system which is permanently removing spending in low-performing programs.

#### Canada's Economic Action Plan 2009

And this brings me to what I want to talk about today - our recent stimulus budget or, as we have called it, Canada's Economic Action Plan.

Obviously this is our effort to stimulate and sustain economic activity during a time of world economic crisis. But it is more.

Notre but est d'utiliser cette crise pour progresser vers l'atteinte de nos objectifs économiques a long terme.

Et pour le Canada, cette crise offre vraiment l'opportunité :

De tirer profit de nos forces naturelles, de réformer notre infrastructure économique nationale, d'investir dans l'acquisition des compétences et des nouvelles technologies

C'est une occasion de nous positionner pour être parmi les premiers à prendre la vague quand l'économie se rétablira.

It is also our aim to use this crisis to advance work on our long-term economic objectives.

As an ancient Chinese proverb puts it, "a crisis is an opportunity riding a dangerous wind."

And for Canada, this crisis does offer opportunity.

It is an opportunity to build on our natural strengths and comparative advantages.

It is an opportunity to overhaul our national economic infrastructure.

It is an opportunity to invest in skills training and new technologies.

Ultimately, it is an opportunity to position ourselves so that when the recovery comes, we're among the first to catch the wave.

Our Economic Action Plan for 2009 focuses on five key elements, totalling roughly \$40 billion dollars in additional stimulus over the next two years.

There are, broadly speaking, five sets of initiatives.

#### 1) Support for Workers and Taxpayers:

D'abord, nous aidons les travailleurs et les contribuables à stimuler les dépenses à la consommation.

Les travailleurs sans emploi recevront des prestations améliorées dès le 1<sup>er</sup> avril.

Et nous réduisons l'impôt des particuliers, de façon permanente.

We are reducing personal income tax, permanently.

These tax reductions will appear on paycheques beginning in April, which means lower payroll deductions for all Canadians.

This means that, since taking office, our cuts to personal tax can mean as much as \$731 in individual tax savings this year.

Unemployed workers will also receive enhanced benefits by April 1<sup>st</sup>.

Employment insurance premiums have been frozen and additional worker training funds are being made available to the provinces and territories.

The budget also includes special funding to help student summer employment.

## 2) Support for the Housing Sector:

Le budget offre aussi un soutien au secteur du logement, y compris un généreux crédit d'impôt pour la rénovation domiciliaire.

To support the housing sector, the budget has a tax credit for first-time homebuyers to assist with closing costs.

It has funds to assist the provinces with renovations to social housing.

And Canadian homeowners can also immediately take advantage of our home renovation tax credit.

I am pleased to report this is already generating significant economic activity.

Our 1-800 O Canada hotline has already had 12,000 calls about the Home Renovation Tax Credit.

This is a very generous, temporary tax credit.

## 3) Infrastructure to Create Jobs

There is, of course, more money in the plan for infrastructure projects.

Avec notre plan, ces dernières semaines, je suis allé partout au pays, rencontrant des premiers ministres provinciaux afin d'annoncer d'importants projets d'infrastructures qui vont de l'avant.

Even before this budget, federal infrastructure spending was set to double this year.

We are further accelerating the Building Canada plan and adding time-limited programs to deal with the global recession.

An initial request for proposals for the budget's four-billion-dollar infrastructure stimulus fund will be issued this spring.

Over the last several weeks, I have travelled the length of our country, joining with premiers to announce major infrastructure projects that are going ahead.

With Premier Wall, I announced major highway construction in Northern Saskatchewan.

With Premier Campbell, I announced light rail transit in British Columbia's lower mainland.

And with Premier McGuinty, I announced major upgrades for the GO transit system Right here in the GTA.

Additional funds from other levels of government should close to double the economic impact of this infrastructure spending across the country.

#### 4) Support for Businesses and Communities

Il y a aussi de nouvelles mesures ciblées pour aider ceux et celles qui vivent et travaillent dans les industries et les communautés les plus durement touchées, qui dépendent de la foresterie, de l'automobile, de l'agriculture et du tourisme, par exemple.

There are also a number of specific tax measures for business in our action plan.

We've once again raised the threshold for the small business tax rate and we are providing special write-offs for long-term investments in things like machinery, equipment, and computer hardware and software.

There are also additional targeted measures to help those in particularly hard-hit industries and communities – those that depend on forestry, automotive, agriculture and tourism, for example.

These include measures from local diversification initiatives to investments in the industrial research base.

In fact, the Budget contains over five billion dollars in additional support for science, technology and research through universities, colleges and a number of federal agencies.

#### 5) Improved Access to Financing

Finalemment, le plan d'action économique contient un grand nombre de mesures importantes pour améliorer l'accès au crédit dans l'économie canadienne.

Finally, the Economic Action Plan contains a large number of important measures to improve the availability of credit in the Canadian economy.

In spite of the strength of Canadian banks, the availability and cost of credit here is being affected by the international financial crisis.

I will not go into the details.

Suffice it to say that the Government of Canada is injecting \$200 billion dollars of credit into the system through a range of mechanisms, including the Business Development Bank, the Export Development Corporation and, of course, the Bank of Canada.

### Maintaining fiscal discipline

Ladies and gentlemen, let me just remind you of two things about all this stimulus spending.

First, it is affordable, because we are entering this crisis in a strong financial position.

Like virtually every other country, we will be running a deficit over the next couple of years.

The difference is that our deficits will be temporary, because our stimulus spending is time-limited.

In fact, given the strength of our balance sheet, we will see almost no change in Canada's long-term financial position. We had the best – by far – at the beginning of this crisis in 2007.

By 2010, when most forecasters predict the global recession will be ending, our ratio will only be slightly higher and still the best by far.

### Cutting red tape

Deuxièmement, je veux vous rappeler que le fait d'allouer de l'argent n'est pas la même chose que de dépenser cet argent et de faire en sorte que les projets soient réalisés.

C'est pourquoi, nous avons pris des mesures extraordinaires pour réduire la bureaucratie.

D'ici le 1<sup>er</sup> avril, le gouvernement pourra injecter 20 milliards de dollars directement dans l'économie.

Nous accélérons chaque aspect du processus de mise en application.

The second thing I want to remind you of is that allocating money is not the same thing as spending money and making projects actually happen.

That's why, as I mentioned at the outset, in the 42 days since our action plan was presented, we have taken extraordinary steps to cut red tape.

As a result, by April 1, the government will be able to start pumping \$20 billion directly into the economy, representing close to 90 percent of the stimulus for this fiscal year under the action plan.

We are fast-tracking every aspect of the implementation process.

We have accelerated the tabling of the Budget by at least a month and are pushing its key measures into Parliament very quickly.

We have set a two-month deadline on Cabinet and Treasury Board approvals for new initiatives, trimming two to six months off the usual approval process.

And we are making most of the stimulus funding available April 1, the start of the fiscal year, and the rest available within five months, rather than waiting 4-10 months as is usually the case for Parliamentary Estimates.

Mesdames et messieurs, nous agissons avec une rapidité sans précédent parce que nous traversons une récession mondiale qui nous a frappée à une vitesse sans précédent.

Comme je l'ai dit, nous réduisons la bureaucratie, et il faut que le parlement réduise aussi sa bureaucratie.

Il ne faut pas que l'opposition au parlement remplace la bureaucratie administrative par une bureaucratie politique.

Ladies and gentlemen, we are responding with unprecedented speed because we are in a global recession, that has arrived with unprecedented speed.

We are, as I've said, cutting bureaucratic red tape. And we need Parliament to cut its red tape too.

We cannot have the opposition in Parliament replacing bureaucratic red tape with political red tape.

I must admit I have been very frustrated with the opposition since the election.

As we know, the opposition formed a coalition to try and prevent us from even bringing our Budget forward.

Then the opposition coalition, the Liberal Party in particular, refused to produce its own budgetary proposals.

Now some in the opposition are even suggesting that the government should provide notice or even approval for each individual spending project.

That is not realistic – ever. And certainly not realistic in today's world.

As I've said, we've got the Estimates before Parliament.

We all need to keep the pressure on the opposition to act.

So, ladies and gentlemen, send them a message:

Stop the political games. Pass the estimates. And let the work begin!

## Conclusion

Ladies and gentlemen, let me just conclude by saying that our government will continue working with the private sector, provinces, the municipalities and, indeed, with our G-20 partners, to deal with the global recession.

Our action plan is on track. In fact, the pace of its implementation is accelerating.

Nous prenons des mesures de relance économique pour stabiliser les marchés, offrir du crédit, protéger les communautés, préserver des emplois, et aller de l'avant avec nos plans à plus long terme pour l'économie.

We are executing our economic stimulus package to stabilize markets, provide credit, protect communities, preserve jobs, and to move forward on our longer-term plans for the economy.

We are in a time of crisis. It is not a crisis Canada created, not a crisis Canada alone can solve.

But it is a crisis Canada can face and even take advantage of.

In times of crisis, Canada has always risen to the occasion.

We have a country that has been truly blessed.

And Canadians are a strong, compassionate and adaptive people.

We have faced down hardship before, and we will again.

But neither recession, nor war, nor natural disaster have ever seriously impaired the destiny of this great land.

We are positioned to emerge from this global recession in a stronger position in the world than we have ever been.

And I am confident that we will.

Merci beaucoup.

Thank you.