

WITH Scott Brison, MP and Liberal Party leadership candidate



SCOTT BRISON graduated from Dalhousie University with a Bachelor of Commerce degree in finance. While completing his studies, he financed his education and developed entrepreneurial skills by building two small businesses. Brison has won election to the House of Commons in four general elections and currently serves in the shadow cabinet as the Liberal Opposition Critic for the Environment. He served as Minister of Public Works and Government Services and Receiver-General of Canada from 2004 to 2006, the youngest member of Prime Minister Paul Martin's cabinet, and he previously served as Parliamentary Secretary to the Prime Minister with a special emphasis on Canada-U.S. Relations. Brison was interviewed following his speech to a Frontier Centre luncheon on November 20, 2006.

Frontier Centre: You've said that when you were the federal Minister of Public Works, you brought new thinking to that department that saved it \$3.5 billion. How?

Scott Brison: In an 18-month period, we drove reforms in our department that would save over \$3 billion over a five-year period and a billion every year after that. We reformed procurement and real estate management. How? By applying private-sector principles to the management of a complex public department. By doing what large companies did 40 years ago in terms of procurement and naturally developing a "whole of government" approach, instead of having a hundred different departments procure goods and services without any central co-ordination. By harnessing the buying power of a government that purchases \$13 billion worth of goods and services a year to buy smarter and more cost-effectively. We also moved to green procurement, to help build a market for green goods and services in Canada.

FC: You've made the idea of decentralizing federal government services your mantra, but in some cases that could make policy implementation more expensive. Do you want to decentralize whether or not it saves money?

SB: I believe it can save money. I believe that the business case for locating decision-makers closer to the people and resources affected by the decisions is a sound one. But I also think that it can save tax dollars. You can end up getting better decisions but also a lower cost of government, by connecting people with telecommunications technology and having them in lower-cost centres than Ottawa, for instance.

FC: In citing Ireland's "Celtic Tiger" model, you recognize the importance of lowering Ottawa's corporate taxes. How do you sell that concept in a country where many still demonize business and corporations?

SB: I think Canadians are ahead of politicians on this. We have the eighth highest corporate and investment taxes in the world. It's not sustainable. In the modern economy, you're either moving ahead or falling behind. I think Canadians recognize the need for us to remain competitive. I would focus that tax reform and reduction

on green tax reform and reduction, providing a disproportionate benefit to companies who produce clean energy, clean-energy technologies and who reduce energy consumption. I would make Canada a better place to invest in what I believe to be the fastest-growing area of the 21st century economy, environmental technologies.

FC: What about income taxes? Isn't our federal government collecting too much tax revenue across the board?

SB: I support reducing income taxes but I think that tax reform has to be combined with tax reduction. Just cutting taxes like the GST, a consumption tax, makes no sense. We should be using that tax and fiscal capacity to reduce personal and business taxes and to reform marginal tax rates. We have very high marginal tax rates in Canada, and that creates huge disincentives.

FC: Your position that young, new entrants into the job market be allowed to keep the first \$25,000 they earn tax-free is interesting. But shouldn't everybody at the bottom of the income ladder be so exempt, no matter what their age?

SB: I support raising the basic personal exemption overall and I believe that an income tax benefit can help the working poor significantly. That's a separate issue. But you can do both. You can do a working income tax benefit but you can also help people who are starting off their careers. Young Canadians face staggering student debt and at the same time are making less money than they will make at any other time in their careers, in their first ten or 12 years in the workplace. What I propose is to make the first \$25,000 tax-free for the first 12 years, which would provide a huge tax benefit to young Canadians building their careers here. It would help us retain our best and brightest, and it would also help attract bright, talented people to Canada to start their careers.

FC: You've called for a simplified tax system with lower costs of compliance. Wouldn't a flat tax be the ideal system?

SB: I think that Canadians value the progressivity of our tax system. We did move the top bracket to around \$200,000 and changed tax brackets to reflect that the

middle class in Canada is part of the solution, but I don't think you have to sacrifice progressivity in our tax system for competitiveness in our economy.

FC: The income trust file is a difficult one for all parties. Assuming the Liberals would have carried through with changes to income trusts, what would they have done differently?

SB: We would not make a promise on a capital market issue of this importance and then break it, nor impugn the reputation of Canadian capital markets domestically and internationally. The Conservatives made an unequivocal promise. I would have used a longer grandfathering period as part of the approach, a longer period than ten years, for instance, for existing trusts, so that existing investors who believed the Conservatives in the last election when they said they wouldn't do this would not have been hurt.

FC: Your positions on taxes might be consonant with the modernist wing of the Liberal party but isn't there also a strong Liberal faction for raising taxes and keeping them high? How do you reconcile this tension?

SB: I have not seen evidence of it. Across Canada during this leadership campaign and over the last several years of traveling the country and meeting with Liberals, I see Liberals who understand that social progress and economic growth go hand in hand. In fact, it was a Liberal government and Paul Martin was the finance minister who provided the largest tax cut in Canadian history.

FC: You advocate a new investment tax credit to stimulate entrepreneurial activity in Atlantic Canada. Why not just simple tax cuts?

SB: Actually, I prefer investment tax credits in areas of high unemployment, so it's not just Atlantic Canada. I want to try this on a pilot-program basis and to judge its efficacy. We don't know whether some of these things will work in every region until we try, but that's not an excuse not to try. Ultimately I think if you provide an investment tax advantage for investors in areas of high unemployment, you may be able to attract capital, but the investment decision as to which business to invest in will be made by private-sector investors based on private-sector criteria. I think they have a better chance of getting it right than bureaucrats and politicians who are selecting which business to invest in. That's been one of the problems with regional development agencies.

FC: What would you do about employment insurance? A lot of people are pointing out its dysfunctional impacts.

SB: I think that employment insurance reform can lead to a more mobile workforce. Greater labour-market mobility is very important to productivity. I think employment insurance is important. I propose lowering premiums for companies whose employees draw less frequently or infrequently. That would in fact encourage

companies to hire on a full-time basis and would provide a greater incentive for them to do that. I have also proposed to invest greater money in education and training, by providing individual EI accounts with some level of individual accountability. Individual EI accounts would enable Canadians to draw from them to upgrade their skills and training and provide an incentive for them not to draw EI every year if it's avoidable. Instead they could use that money for training.

FC: What about equalization? What do you think of the idea of transferring the GST to the provinces and absorbing provincial debt to cut provincial interest payments if we could guarantee the "have not" our provinces an equivalent revenue stream to what they presently receive from equalization?

SB: If it hadn't been for equalization and the equality of opportunity that has resulted from equalization in terms of the social side, I wouldn't have had the opportunity of growing up in a little place called Cheverie in Hants County, Nova Scotia, and have had the opportunity to get a good public education. I think equalization is really important in terms of equality of opportunity across the country and across the different levels of taxation and services and social services. That being the case, there are some real disincentives in equalization for provinces to do the right thing, to improve their tax system to become more competitive. I think we have to reform our equalization system to get rid of those disincentives and we have to consider equalization as part a package of reforms that includes regional development reforms. But we shouldn't be dealing with equalization and discussions around equalization as a one-off. They should be part of a long-term economic and social strategy for the country. It should also be part of a discussion around regional development.

FC: The transfer of taxing power does that. Is that just too simple?

SB: The challenge is whether a radical shift of taxing power to provinces erodes the capacity of the federal government to lead on issues of global importance, issues ranging from Canada's role in the world to economic competitiveness. I think the greatest fiscal imbalance, if you will, is not between the federal government and provincial governments. I think the greatest fiscal imbalance is between the federal government and taxpayers.

FC: So the jury's out?

SB: I don't think you have to transfer more tax points. I think cutting taxes on the federal side, particularly doing it strategically to position us as a global leader in the new economy, is smart and that actually affords individual provinces the ability to adjust their own taxes and to create space.

FC: You've called for an expansion of broadband Internet services in rural areas. How do you think that should be done?

SB: Currently, about 25% of Canadians live in communities without broadband. There's no way they can participate. It's very hard for individuals or companies to participate in the global, knowledge-based economy without access to broadband. You have to do it in partnership with the private sector, with the telecom players, but there is going to be a need for public investment.

FC: Are you a free trader? Do you support more negotiated agreements to lower taxes and trade barriers with other countries?

SB: Yes.

FC: You've expressed support for the "Atlantica" concept, a focus that would have Atlantic Canada look south to New England for expanded trade opportunities. Doesn't the idea also have merit in most other regions of our country where the natural economic lines tend to run north and south? Isn't the 49th parallel a real hindrance?

SB: I am a strong supporter of "Atlantica." I believe that there's a tremendous opportunity for Atlantic Canada to partner with Northeastern U.S. states and create a free-trade zone of 20 million people, where we tear down the regulatory and trade barriers between our provinces and states and co-operate more fully. Part of that is geography. Our region has benefited from North/South trade disproportionately when we've pursued that as our focus. We're also between the E.U. and the U.S., so

we're in the middle of a 750-million person market. We need to invest in transportation infrastructure and tear down regulatory and trade barriers. Nationally, I have always supported a greater focus on global trading opportunities. But certainly the U.S., the richest market in the world, represents a huge opportunity to us. I don't think we should be parochial or afraid of it.

One of the greatest opportunities we have as an exporter, for instance, as a country within North America that has ratified and signed on to Kyoto, comes from both a branding and a substance perspective. We need to position ourselves as the legitimate leader on all kinds of green technologies that American individuals want. There's a lot of demand for green products in the U.S. The American people are actually ahead of the Bush White House on this. So any unnecessary trade barriers between Canada and the US disproportionately hurt Canada; they don't hurt the U.S. as much. It's in our interest to bring down those trade barriers. The best way to protect economic sovereignty is to create economic growth and prosperity.

FC: You were recently quoted in the paper that you are a fan of independent think tanks in Canada. Why is that?

SB: I know I benefit significantly as a politician from the ideas developed by think tanks in Canada, ranging from Frontier Centre to the Atlantic Institute for Market Studies to the Caledon Institute for Social Policy.