

# **The Economic Club of New York**

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**99<sup>th</sup> Year**

**388<sup>th</sup> Meeting**

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**Wednesday, September 20, 2006**

**Empire State Ballroom  
Grand Hyatt  
New York**

# **Program**

## **GUEST OF HONOR**

**THE RIGHT HONORABLE STEPHEN HARPER**

*Prime Minister of Canada*

## **PRESIDING OFFICER**

**BARBARA HACKMAN FRANKLIN**

*Chairman of the Club*

## **QUESTIONERS**

**William R. Rhodes**

*Senior Vice Chairman*

*Citigroup*

**Thomas A. Russo**

*Vice Chairman & Legal Officer*

*Lehman Brothers Inc.*

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**Barbara Hackman Franklin – Presiding Officer:**

Ladies and Gentlemen, Distinguished Guests - Good evening. I am Barbara Hackman Franklin, Chairman of the Economic Club of New York and it is my great pleasure to welcome you, our members and guests, to the 388<sup>th</sup> meeting in the 99<sup>th</sup> year of the Club. I extend a special welcome our Canadian friends and their guests. We are delighted that the Canadian Association of New York has cooperated so closely with us to welcome the Right Honorable Stephen Harper, Prime Minister of Canada this evening. So, I want to acknowledge the co-presidents of the Association, Philippe David and Kenneth Ottenbreit.

Customarily we do not introduce distinguished guests in the audience because we usually have too many distinguished guests to introduce. But I'm going to make an exception this evening because Prime Minister has brought a particularly important delegation. First, we are delighted to welcome Prime Minister's wife, Lauren Harper. We are also pleased to have with us in the audience: Canada's Minister of Foreign Affairs, Peter MacKay; Canada's Ambassador to the United Nations, John McNee; Kevin Lynch, Clerk of the Privy Council and Secretary to the Cabinet, as well as several Members of Canada's Parliament. Finally, joining us on the dais, Canada's Ambassador to the United States, Michael Wilson. Ambassador Wilson was earlier a Cabinet minister and my counterpart when I was U.S. Secretary of Commerce.

We will begin our evening with the speaking program, followed by our usual question period, during which two members of the Club take turns asking questions of our speaker. After that, at about 8:00 p.m., dinner will be served and we are pleased that Prime Minister will remain with us to enjoy the evening.

**Prime Minister Stephen Harper:** Thank you very much. Bonsoir mesdames et messieurs. Good evening ladies and gentlemen. Thank you, Barbara, for your kind introduction, and thank you all for that warm New York welcome. Now, before I begin, I was going to acknowledge a few people, but Barbara stole my thunder, so let me skip to one individual that she didn't introduce. I'm pleased that with us tonight is our former Consul General here in New York Pamela Wallin. Pamela is originally...go ahead, give her a big hand. Pamela is originally from Saskatchewan, a province that produces more than its share of exceptional Canadians. I think she brought a little bit of Saskatchewan to the Big Apple, and I hope you are all richer for it, so on behalf of Canadians, I want to thank Pamela for the tremendous job she's done representing our country. We will be announcing Pamela's successor shortly. I also want to extend my thanks to the Economic Club of New York for hosting me tonight, and also to the Canadian Association of New York for their work in making this evening a success. It's a great pleasure to be here to address this prestigious society. I've noted that you have hosted some of the most eminent statesmen and women of the past century. As a Prime Minister who's served in office for less than a year, I consider this invitation a great honor.

Now as you all know only too well, nine days ago we marked the fifth anniversary of 9/11. On that day, Americans, Canadians and people around the world watched in disbelief and horror as the Twin Towers of the World Trade Centre crumpled and collapsed under terrorist attack. The terrorists who committed those murderous acts thought that this city's strength and will would somehow crumble and collapse in the same way. How wrong they were. For the people of New York, this incomparable city, this unconquerable city showed that you are even stronger than the concrete and steel of the Twin Towers. Of course, you paused to remember those who perished, and the heart wrenching sacrifices and heroism of so many that day, but then again you rose up defiant, determined and strong. Now, let us never forget that while on 9/11 we saw some of the worst evils of which humanity is capable, we also bore witness to countless acts of extraordinary human courage and compassion. I think especially of the brave men and women of your police force, fire department and other emergency services. Canada too did what we could to help on that day. Canadians opened their arms and their homes to 33 000 passengers whose flights were diverted. Those who did these things were saying to New York and to all of America that you are not alone, that the ties that bind us as neighbors, particularly in times of need, are the strongest bonds of all. On that day a building that was both a symbol and vital part of our global economy was destroyed by agents of our most dangerous global security threat. And so since then we've all come to understand as never before that all of our challenges, economic, social and political, are truly global in scope.

So why, ladies and gentlemen, in a turbulent and uncertain world, when our economy and security are affected by developments in far-off lands, should you focus your attention and your

energies on Canada? Because Canada is the opposite. A stable and a positive force for good. And Canada has much to bring to the table in chaotic and trying times. And make no mistake: Canada intends to be a player. So allow me tonight to highlight three things that Canada has to offer in facing global challenges. First, a strong and robust economy, and in particular, an energy industry that is increasingly one of the most important in the world; second, a strong partnership in building both a more competitive and more secure North America; and third, a common will to advance in concert with our democratic allies, our shared values and interests throughout the world.

Premièrement, le Canada a une économie solide, basée sur les principes durables du marché libre. Nous sommes en tête des pays du G7 pour le rendement économique et fiscal, et c'est une superpuissance énergétique émergente, le seul producteur stable et en plein essor de cette marchandise rare dans un monde instable.

First, Canada has a strong economy based on long-term, free market fundamentals, an economy that is leading the G7 in economic and fiscal performance. In particular, Canada is an emerging energy superpower, the only stable and growing producer of this scarce commodity in an unstable world. Now, the strength of Canada's economy goes beyond low inflation, solid growth and the lowest unemployment rate of the past three decades. This spring our Conservative government tabled Canada's ninth consecutive balanced budget. We are projected to lead the G7 in GDP growth this year and next. Our current account surplus...our current account is in surplus for the 27<sup>th</sup> consecutive quarter. Our national pension plan is actuarially sound for the next 70 years, and we have dramatically lowered government debt to around 35 percent of GDP,

the lowest in the G7 and falling. Solid Conservative financial management is being used by this government to improve our competitive position. We have lowered taxes on individuals and businesses while maintaining a balanced budget. In fact, our corporate tax rate is now lower than that in the United States. Our recent budget accelerated corporate tax reductions, which had been delayed by the previous government and has allowed us to move up elimination of the federal capital tax entirely. Canada's back. We're on the best economic footing of any of the G7 countries, but we will not stop here. We will accelerate this virtuous cycle. We will continue to pay down debt. We will continue to reduce taxes on individual and business, and we will continue to make smart investments while effectively managing government spending through a review of federal expenditures and stronger, ongoing expenditure management over the longer term. These measures will make our economy even stronger, which in turn will make Canada an even more attractive destination for foreign direct investment, investment which will be welcome.

Now of course, one of the underpinnings of Canada's recent economic success has been the tremendous growth of our energy sector. In a recent speech in London, I described Canada as an emerging energy superpower. Now, normally Canadians don't like to boast about anything, about their dominance in anything – except hockey – so I will confine myself to the statistics. We already rank fifth in world total energy production. We are seventh in global oil production, third in global gas production, second in hydroelectric generation, first in uranium production. We are the largest exporter of energy to the United States. We are America's largest supplier of oil, of natural gas, of electricity and of uranium. The production from Alberta's oil sands alone,

the second-largest proven petroleum reserves on the planet now stands at more than a million barrels a day, on its way to four million barrels a day by 2015. What this means, not only in terms of the strength of our economies, but also the security of our continent, is sometimes under appreciated. At a time when energy security is increasing...an increasing preoccupation, when political events around the world can disrupt global energy supplies or influence the behavior of major producers, the United States' largest energy supplier is its largest trading partner, its best friend, an enduring democracy that believes in free markets and binding contracts. Our strong...go ahead. Our strong and robust economy, with its enormous energy potential represents a tremendous opportunity for American business and a crucial element of continental energy security.

Deuxièmement, le Canada est résolu à établir un partenariat solide de façon à instaurer un Amérique du Nord prospère, concurrentiel et plus sûr.

Now, this brings me to my second theme, Canada's commitment to both a more prosperous and a more secure North American continent. Both of our countries are adapting to economic globalization. We see the rise of China, India, Brazil and others, we see deepening economic integration in Europe, and given the deep integration of our own economies, these global challenges and opportunities call for a continental response. We were ahead of the curve in 1988 when Prime Minister Mulroney and President Reagan signed the Free Trade Agreement. Today Canada and the United States and our third NAFTA partner, Mexico, must act to build on our complementary strengths through the North American Security and Prosperity Partnership. At Cancun last spring, President Bush, President Fox and I took further steps to develop this

partnership by focusing on North American competitiveness, energy security, regulatory cooperation, emergency management and smart and secure borders. We are increasing our cooperation in areas ranging from electronic cargo monitoring to pipeline standards to the recent renewal of our historic NORAD treaty. But our partnership on all of these issues depends vitally on maintaining a secure and efficient border. Our border must not be seen as a fence where one country's national security stops and the other's begin. It is not like that in the real world. We are operating the largest commercial partnership in the history of the planet. Think of how closely linked our economies are, the Detroit-Windsor corridor for example, the heart of our integrated auto industry and the busiest border in the world. 10 000 trucks a day crossing the Ambassador Bridge. 300 000 of our citizens and over a billion and a half dollars of goods and services cross the border every single day, more than the United States, more trade than the United States does with all the countries of the European Union combined. That's why, for example, our two governments have acted to end the softwood lumber dispute, a dispute that's been poisoning our trade relationship. Canada is also doing its part to ensure enhanced security on our side of the border. Since 9/11, Canada has made major efforts on domestic security to make sure that terrorists don't come to Canada, don't find haven in Canada, and don't pass through Canada. We've increased financial resources and front line personnel to enhance our security. In our most recent budget, we provided a billion and a half dollars to improve emergency preparedness and the security of our border and transportation systems. This adds to billions already invested since 9/11. We've made significant investments in technology, in better

training and arming of our border guards, at the same time as we are working to expedite border passage for frequent and preferred travelers or for secure and reliable cargo.

Now while both Canada and the US are investing heavily in border security, we cannot let our vital links be endangered by measures, which, however well intentioned, are poorly thought out or poorly implemented. Take the Western Hemisphere Travel Initiative. This law passed by Congress requires that in less than a year and a half, all Americans, all those hundreds of thousands I mentioned, all Americans and all Canadians must have a passport or equivalent secure documents before entering the United States, even those who are only shopping for a few hours, playing in a baseball tournament or commuting daily for work. We are very much concerned about the potential impact of the WHTI on the economies and on the border communities of both our countries, and you should be just as concerned. In our view, this initiative threatens to divide us at exactly the time we should be collaborating more closely on global economic and security challenges. Let me make it clear. I do not question in any way Congress's desire to have stronger border security. I support that objective. But let's make sure that the WHTI works before it goes into effect and let's take the time to get it right. And you in the American business community who know what border disruptions could mean for business or tourism travel or for closely integrated supply chains will be crucial for ensuring that WHTI is implemented only in a pragmatic manner and only on a realistic timetable.

Le troisième point que j'aimerais aborder ce soir est la détermination du Canada à jouer un rôle important pour relever les enjeux auxquels notre planète est confrontée. Nous cherchons à collaborer avec nos alliés démocratiques pour faire avancer nos valeurs et intérêts communs.

Now, finally, I want it understood that we are determined that Canada's role in the world will extend beyond this continent. Our needs for prosperity and security, our values of freedom, democracy, human rights and the rule of law are in the view of our government not only a heritage we share in North America; they are also the common destiny of all peoples. Just as we work together for a more secure and prosperous North America, we need to work for a more stable and just world. Canada is working closely with its democratic allies, including the United States, to penetrate terror networks. We are taking a leadership role in the international effort to choke off terrorist financing. Toronto will be the new headquarters of the Egmont Group, which brings together 101 of the world's financial intelligence units to track terrorist money laundering. When Canada and the United States recently renewed the NORAD treaty, we included for the first time a warning function for our continent's maritime approaches in addition to air and space. Now, our security cooperation does not end at the water's edge. Canada is shouldering our responsibilities in the international fight against terrorism. Our new government has recently invested billions of dollars in new defense capabilities to ensure that the Canadian Forces have the equipment they need to work alongside the international community wherever we are needed around the world. This includes the purchase of new strategic and tactical lift aircraft, new helicopters and new supply ships, with more improvements of our defense capabilities still to come. After 24 Canadians, 24 Canadians died on 9/11, we also became aware that domestic security cannot be divorced from global security. That's why Canada has been in Afghanistan from the beginning. Today we have close to 2500 soldiers on the ground in Kandahar province, the home of the Taliban, the toughest province in the entire country, and we are taking real

casualties. And I can tell you, it is heart wrenching. But standing up for a more peaceful, more democratic world is a long tradition in both of our countries. Nearly 120 000 Canadians fell in defense of freedom on the battlefields of Europe and in the Pacific, the terrible cost of our participation in two World Wars and Korea. Canada did not shy away from these conflicts. In fact, we like to remind you that we entered them before the United States. This summer, my wife and I visited Vimy Ridge in Northwest France, the scene of some of the most terrible fighting in the First World War. For Canadians, Vimy Ridge, where we led a successful fight at staggering human cost, a few yards where literally thousands of young men died in a matter of hours, this is much more than a monument of victory or a memorial to the carnage of war. Instead, placed as it is in a modern, democratic, prosperous and peace-loving nation, it constitutes a reminder of the abiding principles on which our country is based, of the aspirations we share for other peoples, and of the actions we are prepared to undertake to make this a better world. And those actions do not and cannot for Canada, the United States or any of our allies, cannot end with security. In Afghanistan and many other places, we go out in the world to do many other things, to promote men's liberty, women's rights, and children's education, to build roads, provide infrastructure, to fight disease and protect the environment.

Now, ladies and gentlemen, let me conclude tonight by saying that I do understand that from time to time, we will as nations disagree on actions or diverge on priorities. But these differences should never mask the vital interests and values that we share. We have differences. They are real. Your founders called for life, liberty and the pursuit of happiness, while our constitution embraced more modest goals of peace, order and good government. We normally

only get two out of three. We both have a dynamic market economy, but we have had different approaches to social policy; for example, our universal system of public health insurance is embraced by all political parties in Canada. Both of our countries have been shaped by successive waves of immigration, but while the United States has often emphasized a great cultural melting pot of shared citizenship, Canada has actively embraced two national languages and a multicultural heritage. We will defend our sovereignty over all of our territory, including over the islands, waterways and resources of the high Arctic, even if that conflicts with American claims. In Canada hockey is a religion, at least to those with common sense, as opposed to ranking somewhere behind golf and NASCAR. And I have to remind you that we play football on a bigger field with a lot more action, with 12 players, and we punt on the third down, just to be safe. Now, but all of these differences, large and small, are not cause for fundamental division between us. The relationship with Canada and the United States shows the world how close two countries can become leading to their mutual benefit without losing what makes them unique. So let us continue to embrace our different national identities even as we share common ties and common convictions and common enterprises, and may the border, which defines our countries, never divide our peoples. Thank you. Merci beaucoup. Thank you again for the invitation, et à la prochaine.

**Barbara Hackman Franklin:** Well, Prime Minister, you are appreciated greatly, and especially... Prime Minister we have two excellent questioners for you this evening. William R. Rhodes, Senior Vice Chairman of Citigroup and Chairman, President, and CEO of Citibank and

Thomas A. Russo, Vice Chairman and Chief Legal Officer of Lehman Brothers, Inc. For the first question, I'll turn to Bill.

**William R. Rhodes:** Thank you Barbara. First of all, let me thank you Mr. Prime Minister, not only for an excellent speech, but in particular your heartfelt comments on Canada-US relations. My question is...my first question is: given the strength of the Canadian economy, what is your government's policy with respect to maintaining strong fiscal discipline, including net surpluses, and how does that fit in with your plans for additional tax reform?

**Prime Minister Stephen Harper:** Yeah, thank you, that's an excellent question. As I mentioned in my speech, the government is firmly committed to maintaining a balanced and surplus budgets into the future. You know, it isn't just the federal government. In Canada virtually every province is now in surplus, and I think we've created over the past decade and a half a culture where it would be very difficult for a major government to run a deficit budget. Our plans are to continue with a minimum debt down payment of \$3 billion a year, which should by no later than 2013, 2014 move us down to about a 25 percent debt-to-GDP ratio. It's my firm conviction, it's my firm conviction...I'm not an advocate of the Laffer curve, but it's my firm conviction nevertheless that low and competitive tax rates will help economic growth, so in order to maintain the virtuous cycle of economic growth, debt pay down and as well, investment from time to time in important government expenditures, we will continue to emphasize tax reduction.

We have some important commitments in that regard that are as yet not fully fulfilled, and we will continue to make tax reductions, particularly ones that can spur future economic growth.

**Thomas A. Russo:** Along with Bill, I'd like to say I thought it was an excellent talk. My question goes to the Canadian-US relationships. If you look at the past, we've had a lot of bumps in the road, certainly soft lumber. I was at a speech not so long ago here where that was the main topic, near as I can remember. There were issues with respect to immigration that we're having now, and there are two sides of that. There are a number of issues in the military realm. I was wondering, if you look out over the next year or two and had to pinpoint the toughest issue that you think the United States and Canada are going to be facing, and how do you think they should play out?

**Prime Minister Stephen Harper:** Let me just introduce that comment with a general observation. I agree with you, Canada-US relations went through some tough times, and as I said, they, you know, will not always be a hundred percent smooth. That said, I think it's very important, I can tell you the ethic I bring to the office is that it doesn't matter who the president of the United States is, what party he's from; I think it's given the nature of our economic relationship, the size of it, the importance of it, I think it's always critical for the Prime Minister of Canada and the President of the United States to have a good, solid business relationship, and I believe that President Bush and I have started off on that foot, and whoever eventually succeeds President Bush, I'll certainly endeavor to establish the same kind of relationship, provided of

course the people of Canada keep me around for a while. Now, in terms of the challenges that we face, I hope we don't face economic challenges. We've certainly all noticed some warning signs on the American economy. I should point out that, you know, Canada has to this point borne a significant chunk of structural adjustment. We've had a higher currency appreciation vis-à-vis the US dollar than just about anybody, and I think we all understand that some of these adjustments have to take place of economic growth to continue the way we want it to continue. You know, it's difficult to predict. I think in a...I think in the kind of world we're living in with, you know, the problems we've seen only in recent months in, you know, places, not just Afghanistan, but more particularly the Middle East, I think that we will continue to be challenged, both in the Middle East, other parts of the world, Latin America, we will continue to be challenged by those who are outside of the broad consensus that I think most countries share in terms of what needs to be done for peaceful and prosperous development. You know, all I can say is Canada will always work with our democratic allies, including the United States, to advance similar goals and similar principles. We must stand behind and with our allies in the democratic world, including, I should be very clear, including the State of Israel, which is on the front lines of some of the difficulties that we talk about here in North America. That all said, I think Canada can bring a different perspective to some of these discussions. We don't believe we can impose solutions on people. We know that our capacities are limited, and we always try and impress upon our allies in the United States and elsewhere the importance of understanding our own limitations, including from time to time our limitations in understanding the perspectives of others. And so that will be the role we try and play as these difficult world situations unfold.

**William R. Rhodes:** Mr. Prime Minister, just having arrived yesterday back from Singapore at the meetings of the IMF World Bank, and I should mention there that one of the key concerns was the rise of protectionism and quotas and in particular the breakdown of the Doha Round of talks on global...facing up to global, as I say, global protectionism and global trade. Canada plays a very important role as a member of the G7/G8. What can Canada do, what can you do to try and get those talks moving again, and what do you think is necessary in this area, because that was, I would say along with imbalances in the world economy, were the two chief subjects of preoccupation of the delegates, including your own delegation from Canada at these meetings?

**Prime Minister Stephen Harper:** Yeah, thanks. That's a great...that's a great question. I think we all understand what has to happen to move the Doha Round forward, and that is that both the United States on the one hand, the United States in particular has to be willing to make further reductions or put on the table the possibility of further reductions in agricultural subsidies. The European Union has to be prepared to make further concessions in terms of opening up their markets in agricultural products and some of the leading countries of the developing world have to match some of that by opening up, being prepared to open up their markets to products in advanced sectors from developed countries. I sat at the G8-plus-5 meeting in St. Petersburg earlier this year during the summer in July, and that will wasn't there, and we all know that there was, subsequent to that, the G6 talks, and the world's having a tremendous problem, and Canada... Look, Canada's got the same problem. The world's having

a tremendous problem, the developed world, in coming to terms with the need to move forward on agricultural issues. And my fear is that if we don't find that will, that we will simply not make any more progress in the WTO, and an old professor friend of mine told me, "In all things in this world, you're either going forwards or backwards," so the risk is we start to go backwards. So we all have to be prepared to do that, and the United States and European Union have to lead that effort. Let me just tell you what the reaction of my government is to this, though. Notwithstanding the tremendous opportunities we see for agriculture and for many of our other sectors, Canada is a small, open trading economy. We are absolutely vitally dependent on international trade with the United States and others. We simply can't wait around for the Doha Round to get fixed. I've instructed my ministers, Ministers of International Trade, Finance and others to develop a plan. We're well advanced on how we can improve our competitiveness and our competitiveness with our North American partners and globally without the Doha Round succeeding. Because we can't count on it. And we can't control the situation. But let me be clear that it'd be better off for all of us if we could make that progress.

**Thomas A. Russo:** My question centers around the Middle East. In Afghanistan, as you mentioned, you have about 2000 troops. You've had, I think it's 26 deaths there. There's a lot of opposition in Canada about Afghanistan, and I guess as you have more deaths, there'll be more. Yet you're playing an important role. You're not in Iraq. My question really goes to what is your view of what should be done, not just what Canada should do, but what should be done with respect to Afghanistan. Right now Iran is before the United Nations. Sanctions are a key issue

there. Iraq is certainly on the table, and finally you mentioned Palestine as being terribly important. I know you were very supportive of Israel with respect to Lebanon. What is it, if you look at that part of the world and figured out what should be done in some of these topics I've mentioned, what would your best advice be, even though you may or may not be a participant in some of that?

**Prime Minister Stephen Harper:** Well, I'm not sure that there's any one thing that needs to be done, or any one approach. These are all different countries with unique challenges and situations. In the case of Iraq, Canada is not militarily in Iraq, but Canada hosted, Canada's leader of the International Donor Group on Iraq. We've invested considerably. I think it's about \$300 million Canadian in development in Iraq. We've taken important roles in the election process, in trying to improve develop of governance, trying to improve the development of governance in institutions. In the case of Iran, you know, I must say I am very, very concerned about the direction of the government of Iran, about the declarations that come from leading officials of the government of Iran. I will take the opportunity while I'm here to say in particular, to once again condemn comments that have been made repeatedly by the President of Iran that advocate genocide towards Israel and the Jewish people. This should be absolutely unacceptable to the world community... And look, I don't think any of us object to Iran developing nuclear power for peaceful purposes, for energy use, but I don't think the evidence suggests that that's all that it's up to. I think the United Nations, the United Nations has passed resolutions, and I think if it doesn't very soon get some action, I think it is obliged to proceed with some kind of

measures to show that those resolutions mean something, because an Iran pursuing nuclear arms is I think the biggest single threat that the planet faces, that we're aware of today in the long term. On the Middle East, look, we all know that we will never solve this problem unless we have a dialogue. We don't have a dialogue today, and you know, I will be frank in saying that our government has been, our government was the leader; in fact our government was the first in the world to say that we would not have dialogue with the Hamas government. If we're going to have dialogue, it must be on the basis that both countries can exist, that we're going to pursue peaceful, not violent means to resolving the dispute, and we're going to abide by existing obligations that the two parties have agreed to. So right now nobody's talking, and we've got to find a way to get them talking, but you know, I don't think we can give up our core principles. We've got to get everybody to accept as a minimum that we're going to talk our way through this, not fight our way through it. On Afghanistan, let me just be very clear on that. I don't really accept that Canadians are opposed to the mission. I think what Canadians regret, and what Canadians, what hurts Canadians a lot is seeing our brave men and women in uniform lose their lives, and I think that's a reaction. But Canada is in Afghanistan because the United Nations, the entire United Nations went to Afghanistan, because the entire United Nations is behind that mission, because the democratically elected government of Afghanistan wants us there, because the people of Afghanistan not only benefit from us being there, but if we are not there, the men will fall very quickly back into oppression, women will be in bondage again, and children will live in ignorance, and we will all, as a globe, pay a price for that. We know that from experience. So let me just say that whatever the opinion polls are on questions like this, Canada

is in there for absolutely the right reasons with our international allies, with the United Nations, the world community, and we will not, and nor would any responsible Canadian Prime Minister ever leave this mission until we are successful in achieving its security and its development objectives.

**William R. Rhodes:** Mr. Prime Minister, you talked extensively at the beginning of your speech on energy and what a good supplier and a secure supplier Canada is to the United States. Canada has one of the larges, in addition to the tar sands, Canada has one of the larges reserves of gas in North America, if not the largest: the MacKenzie Delta. At the same time, the United States is moving to get a pipeline to the United States, and obviously would have to go through Canada for the gas in Alaska. How so you see the proposition going of tying in the Alaska pipeline on gas with the MacKenzie Delta reserves, because this would be a major solution to the problems that we have in energy in the United States?

**Prime Minister Stephen Harper:** Well, you know, a few years ago, it wasn't that long ago, we were all concerned in Canada that if we didn't race and get the MacKenzie Valley developed, that Alaska would beat us there first. I don't think that's a concern anymore. I think it's pretty clear that North America and others are going to require all the gas in both of these areas and more. I think all of the evidence suggests notwithstanding the drop in oil prices we've seen in the past few weeks and the dip in the Toronto Stock Exchange as a consequence, I don't think any of us really think, any analyst seriously thinks that we're in any situation other than a domestic

demand is outstripping world supply. So I think we're going to need both. I'm not going to comment too much on the Alaska pipeline. I understand that its story is even more up and down than the MacKenzie Valley. Let me just tell you that the Minister of Northern Affairs in my government, who's from my hometown, Calgary, the energy sector, and the Premier of the Northwest Territories are both fully committed to getting that MacKenzie Valley pipeline built. It still has some significant hurdles, but I think the anti-development view that stopped that development some 30 years ago, I think that's a thing of the past, and I think if we work hard, we resolve all of the Aboriginal land claims, make our First Nations partners in the process, I think we will see that developed for the ultimate benefit of our producers and consumers here and elsewhere.

**Thomas A. Russo:** Thank you very much. My question was going to be about the traffic in New York, but I decided to do something of more substance.

**Prime Minister Stephen Harper:** It's a lot of traffic.

**Thomas A. Russo:** You have 13 different securities regulators, effectively. You have ten different provinces and three territories. And it makes life a little difficult, because they're different bodies of law, and what have you, depending on which province you happen to be in, and I know there's some, there is an effort to have one national securities regulator. And I was

curious to know your views upon if this is going to happen, and your views generally on that topic.

**Prime Minister Stephen Harper:** I'm embarrassed that you bring up that we have 13 securities regulators. It is true. The government, the government of Canada believes strongly, we said so in our platform, we said in our recent budget and in the fiscal and economic union plan we put out with that, our discussion paper, that we want to see progress to getting a national securities regulator, and I've said to the provinces when I say national securities regulator, I don't mean it has to be a federal regulator. We're flexible. But everyone in the business community and most premiers I talk to privately all acknowledge that this is an anachronism that we need to move beyond it. I will tell you simply that there is a lot of discussion going on, there is some serious work going on. It's not proceeding nearly as quickly as I'd like but I think there is a growing realization that this has to happen, but I can be honest with you tonight and say "don't ask me for a timeline".

**Barbara Hackman Franklin:** Well, Prime Minister, we appreciate your candor and everything you've had to say. We're grateful to you for being here. I think everyone in this room recognizes the really vital nature of the Canada-US relationship and would want to enhance and strengthen it as you have articulated. So thank you. It's been a great honor to have you with us. This concludes the formal part of our program. Please enjoy your dinner and your table companions. Thank you for joining us this evening.