

**Fraser Institute**  
**Speech Notes for Michael J. Tims**  
**October 4, 2018**

**Distinguished Guests, Honoured Co-Founder, Michael Walker, Past Recipients of this Award (including Clay Riddell, whom I somehow think is with us here tonight), Ladies and Gentlemen, Mesdames et Messieurs:**

Two very important things with which I would like to begin are: to first say thank you to the Fraser Institute for this terrific honour; and then to thank all of you for coming tonight, and for your enthusiastic participation here, which very much helps the Fraser Institute to do its work.

I did not know if Andrew Judson would mention this, and this may sound a bit unusual, but my first reaction when asked if I would agree to be the recipient of this award tonight, was: “Am I actually conservative enough for the Fraser Institute, for it to want me to be the recipient of this award?”

To be clear — I love, and I have long been fascinated by, business and economics and the miraculous workings of markets. Nonetheless, I am probably more middle-of-the-road on some of the other important public policy issues of the day. In particular, I have always worried about how societies treat their less-favoured and more vulnerable members; and, like many others in Canada and elsewhere, puzzle over how that can be done very well, while still maintaining an economy and a culture where incentive, investment and enterprise are enthusiastically encouraged.

All of the latter things are, of course, necessities to pay for the medical and education systems, and the social safety net, that most Canadians desire. In any event, I was quickly reassured that the Institute knew quite a bit about me, and that

it felt that my thinking on some current issues was more of a positive reason to choose me, rather than a detriment.

I will also confess that I struggled a bit with which topic or topics to best tackle tonight:

First, in all of my roles in business and not-for-profit organizations, you will be relieved to hear that I have always advocated for: fewer, shorter and more meaningful speeches at events.

I also did not want to choose to speak too directly about issues or topics that repeat too much of what we have all seen, heard and read abundantly elsewhere (perhaps even more than is ideal), and I doubt that I need to spell out which topics those are.

And I certainly did not want to talk much about me, which is not my nature anyway...but hopefully you will nonetheless indulge me when I offer a few personal comments and additional sincere “thank-you’s” a little later on in my remarks.

I will also say that I am very humble about whatever observations and opinions that I am about to offer tonight. I am one person who, the more that I learn and the more years that pass; the less absolutely certain I become about whether my views are correct or not.

Mark Twain described one stage of how views evolve with the statement that: “When I was 16 years old, I thought that my father was a complete idiot. By the time that I was 21, my father had learned quite a bit.”

I try to follow my own late father’s prescription of listening twice as much as I speak; and much of what I would like to speak about tonight relates to my own distillation of what I think that I hear.

## **EVENTS TO WORRY ABOUT**

At the global level, several very bright people have recently said that the world probably now has more issues to worry about, ahead of it right now, than at any time since the Second World War. Henry Kissinger and Ian Bremmer of Eurasia Group are among those commentators. Super-investors Ray Dalio and Stanley Druckenmiller are among other smart observers who have voiced strong caution about what is going on in the world.

We all know that, whether by moving geographically around the world or by looking at the types of issues — economic; social; financial; cultural; geopolitical; trade; immigration; whatever — there are definitely lots of things to consider and to be concerned about.

No one can, of course, give us comfort that one or more of the many global risks will not unfold adversely, and with greater consequences than we may now foresee.

Nonetheless, in our lives to date, pessimism has not been the way to bet; and the world has shown an amazing capacity to Muddle Through, time and again, on multiple serious issues.

And since much of what happens in the very big picture is not controllable by any of us anyway, my observation would be that the right course of action, in the face of continuing, multiple global issues, is to stay well-informed and vigilant for impacts on our lives and livelihoods; but mostly to set ourselves up, personally and societally, to have financial and operational resiliency in a tougher environment if it comes again.

History tells us that the right long-run strategy has not been to hide out, or to “turtle” because of the risk that things could go awry, even though we all recognize that they might, for a while.

## CANADA

For our country, we are probably in a time of as much adverse comment about Canada and its investment climate as I can recall in decades — among investors and from industries and people that are important to our country. We even see a few Canadians choosing to move elsewhere...which is certainly their right in a democracy, of course...but not a strategy that has particularly appealed to me.

In fact, when I was younger, a song that I thought was full of impact was a French Canadian one entitled “Un Canadien errant” — or “The Lost, or Wandering, Canadian” which tells the sad story of a Canadian banished forever from our country, as punishment...and describes his anguish about never being able to return to such a wonderful place, and to all his friends and family here.

Anyway, despite all of our country’s faults and foibles, which we are all good at analyzing, I have always thought that, in the lottery of countries where we could have been born or become citizens, we all nonetheless did very well just to be Canadians. And I try to always be grateful for that.

So, on the subject of Canada, in light of recent turmoil on a number of issues, I would wonder if observers will not later paraphrase the quote attributed to Winston Churchill, Abba Eban and others about the Americans, with the phrase then becoming: “The Canadians will always do the right thing; just after they have exhausted all of the alternatives.”

I do not intend to say much tonight that is specific to Canadian oil and gas, as that could quickly use up all the time that I have allocated myself, but two quick references are perhaps in order in this room and in this City, where energy is so important. The first is that is very positive to see several pieces of industry good news recently, including major new capital spending and some takeover bids, historically signs of a rebound in progress. The second is that, within the hundred variables that analysts and energy industry participants watch...the one that I have said for some time influences me the most is the dramatic reduction in energy industry capital spending globally, in the aftermath of economic or industry downturns in 2008-09 and 2014-2018. Essentially, and I was perhaps too early in saying this, it is difficult for the world to avoid higher oil and gas prices when the global capital spending is simply too low — too low to replace the natural declines of the 100 million barrels per day of production that is globally consumed, and too low to serve consumption growth, which still rises at a slow percentage rate most years, notwithstanding continuing progress in other energy technologies. When I give guest lectures at the University of Calgary, I am sometimes drawn to point out that there is a reason that we refer to the LAW of Supply and Demand, rather than the Theory or the Hypothesis. And we are seeing that law at work again.

I mentioned at the beginning that I am hoping not to repeat too much of what has been said lately in the press and at conferences on the various public policy issues of the day that significantly affect Canadians. Instead, I thought that I would try to offer a layman's view of what may be going wrong with the discussions and decision-making on several of the important issues in our country.

When I look at what has been going on in recent years, I see four recurrent themes:

## **LOSS OF CIVILITY**

The first noteworthy one is a loss of civility, as some Canadians become frustrated with those who hold opposing views. The U.S. has a more advanced case of this phenomenon.

I think that one of the most difficult parts for individuals in public life these days, must be reading the free-wheeling, often impolite, comments sections under articles and internet posts.

I try to remember that very, very few people are in public service, or are citizens engaging in public debates, with the idea that they are doing the wrong thing. Most people are simply trying to do what they see as the right thing and truly believe in their points of view.

In that light, even when perspectives are very different, talking about issues with civility, on all sides, could help materially to bring down the temperature of the current debates.

## **QUESTIONS OF ACCEPTED LEGITIMACY**

A tougher and more complex area involves questions of accepted legitimacy. As a society, we have some trouble with validating the legitimacy of some people's views.

Similarly, to the United States (with its elections influence issues, hacking issues and other matters), it is fairly easy to get to a quick consensus that debate and decision-making need, in the end, to be the purview of the citizens of a country, and not by intervenors from abroad.

But, it gets more complicated:

How should we weigh the views of Canadian persons or groups paid to take certain policy positions publicly, especially if the payors are outside of the country?

Are the contrary views of people and provinces that, for example, oppose industries that are actually the source of many inter-provincial and individual income transfers, and from which they have benefited, actually fair and legitimate comment?

And there are many other illustrations.

This matter will likely stay complicated for some time. As with many other subjects, sunlight may bring the best disinfectant to this complex issue.

#### **DIFFICULTY WITH RECONCILING MAJORITY AND MINORITY POINTS OF VIEW**

Canadians are basically an agreeable people and we love to find solutions where everyone can be more or less happy. We have trouble with the majority too brusquely over-ruling a voting minority. (In using the term, “minority”, by the way, I am meaning only to say “less than the majority”, and not to refer to any specific group.)

We also have angst with the notion of a “de facto veto” being granted to a voting minority. A real or tacit veto can be a major impediment, in any discussion, to any sort of compromise or negotiated agreement.

Some Canadians (and investors abroad) also worry about what are perceived as discretionary powers of regulators and courts, where it may not be clear to them whose judgment is actually being applied.

Anyway, this is an evolving field, as we all know, and I suspect that we will all hear much more about consultation, accommodation, and possibly the eventual need for political parties to even more specifically campaign on, and seek mandates for, what they ultimately wish to do legislatively on important issues.

While compromise may absolutely still be possible on several of the big issues before Canada, and I think that the LNG Canada framework and agreements are tremendously encouraging on many levels, democratically-elected governments have the responsibilities that they have for a reason.

### **DIFFICULTY WITH COMPLEXITIES AFFECTING DECISIONS**

A further difficulty, but also an encouraging one in some respects, is the difficulty for everyone in learning about, and dealing with the complexities of the issues of the day.

Yes, there will always be a portion of the population that will be blissfully apathetic or disinterested, but it is encouraging to see the large number of Canadians who wish to be well-informed, to understand the issues from all sides, and to participate (hopefully civilly) in the discussions.

And it is not easy. Federal and provincial governments may or may not agree; governments, and ministers within them, may change; the economics are complicated; and there is a lot to try to learn. We also all struggle a bit with views that come on too strongly from either side...and most of us keep looking to hear everyone out and then figure out what is best to do

So, this is what I am seeing. Some of the difficulties that we are having in public policy discussions and decision-making arise from these four main things: A loss of civility; questions of accepted legitimacy; difficulties reconciling majority and



minority points of view; and difficulties dealing with the many complexities affecting decisions.

I can think of a few ancillary points too, but I will leave those for another occasion.

### **THANK YOU'S**

I mentioned that I would conclude with a few thank you's and personal comments. (The word "conclude", by the way, is usually the audience's favourite word in any speech.)

First, I want to thank and acknowledge the past and present partners, associates and employees of Peters & Co. Limited, for 33 very happy and productive years there.

I will not try to name the terrific people at the firm individually, in the interests of time.

As I have said before, whatever we collectively managed to achieve at Peters & Co. over the past few decades, was never about any single one of us, but rather the efforts of a terrific group of people that came together and evolved, harmoniously and productively. I have suggested that we created "magic" at Peters & Co. — in finding new ways to analyze the energy industry and to analyze, recommend and invest in excellent companies; in developing new ways to think about and do deals, and to finance great companies; in serving both investing and corporate clients very well ; and in doing our part in the broader community, And that "magic" remains there today.

At the end of the partners' mandatory sell-down at Peters & Co., which is age-based, I got very lucky again and joined Ron Mathison and his colleagues at his

investment holding company, MATCO. Ron Mathison, whom I have known for 30 years, is a person in our city and country who has quietly achieved a great deal, both in business and in extraordinarily generous support for not-for-profit organizations. I was very fortunate to have quite a number of opportunities to choose from when I was retiring from Peters & Co.; and I don't regret for a minute choosing to go to work with Ron and MATCO.

I also won't try to thank and recognize everyone at the various not-for-profit organizations where I have been active over the years, and where in many cases I still remain engaged today. The people and projects with which I have been involved at the United Way, the University of Calgary, the National Gallery of Canada, West Island College, Harvard Business School, the Investment Dealers Association of Canada, the Canadian Investor Protection Fund and other organizations have all been great. And I actually have found the not-for-profit work to be invigorating and inspiring, rather than feeling like it is an obligation.

On occasions like this one, it also makes me think of everyone else who has been helpful and influential — clients; friends; legal counsel; other professional advisors; professors; and a whole list of others whom I won't even try to mention now.

My most difficult "thank you" at a public event is always to a person who absolutely does not wish the spotlight; and even specifically asks me not to mention her (an admonition which I am now disregarding).

Some of you may know that, in the last couple of years, my wife, Renae, has taken to politely declining to attend the majority of the many events to which we are kindly invited, having more than done her part over many years, whenever and in whatever city she needed to show up in.

In fact, when Renae learned that I was to receive this award tonight, she immediately said: “Oh, I guess that I need to attend that one, don’t I?”

Anyway, to at least try to partially comply with Renae’s wishes, I will simply say that this award, and many of the rest of things in my life would certainly not happen without her, and I am very, very grateful to her.

Our three adult kids (Alexandra, Lesley and Harry) are all here tonight, as well as our son-in-law, Brad Marcotte, and my brothers Mark and Dave and their wives, Phyllis and Kathy. Thanks to all of you as well.

I will now actually conclude by thanking the Fraser Institute again for this terrific recognition; thanking you all for your attention and the opportunity to offer a few comments tonight; and, most importantly of all, thanking every one of you for attending and for your support of the Fraser Institute.

October 4, 2018