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**PM INTERVIEW WITH CANWEST**

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SHELDON ALBERTS (Reporter): Well I've been down here the whole time. Six... almost six years.

STEPHEN HARPER (Prime Minister): Six years. Wow. How old are you now?

ALBERTS: I'm 41.

HARPER: Okay, so you're a little younger than me.

ALBERTS: Yes. So it's been seven...

HARPER: When you were first covering me you were really young.

ALBERTS: It was 1988? 89? I think, in Calgary, when you first ran.

HARPER: That long ago, eh?

ALBERTS: If I remember...

HARPER: '88. 21 years ago?

ALBERTS: Yeah.

HARPER: So you were 20.

ALBERTS: And I was just talking to my wife about how I left Ottawa just prior... before you guys did the merger.

HARPER: The merger... yeah...

ALBERTS: Which... So I think I'm... I was your good luck charm. (laughs)

HARPER: Yeah, so why am I talking to you now?

(laughter)

ALBERTS: Well as long as I stay down here...

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HARPER: But you're having fun here? It's a great place to be for political reporters.

ALBERTS: There's been a little bit to do in the last year and a half, two years, so...

HARPER: There's still a lot to do.

ALBERTS: Yeah.

HARPER: It's not a... It's not a boring time.

ALBERTS: No, it's... He keeps us busy. Well... And he keeps the US media more busy. There's something to do every day.

UNIDENTIFIED: So, about 10 minutes?

ALBERTS: 10 minutes? Fine. Let's... I'll get right at it.

I saw your interview with Chris Wallace, but I wanted to follow up on the G20. Canada still supports a two percent of GDP goal as something that the G20 nations should be looking for in terms of stimulus. Is that a fair assessment?

HARPER: Well, we certainly think that the countries should be fulfilling that. That was a commitment made in Washington at the G20 meeting in November. If anything, as you know in fact, not if anything, the world economy has clearly deteriorated since that time, so if anything, stimulus efforts should be larger and not smaller. So I think it's very... it's very fair to hold countries' feet to the fire on those commitments. And as I say, not just for the purpose of stimulating the national economy but for the purpose of being part of stimulating the global economy and a doing it in a way that is not protectionist, because otherwise it won't have that effect.

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ALBERTS: Well, the US yesterday, and the White House did an advanced call ahead of this, appeared to back off a little bit on the two percent goal.

HARPER: Yeah.

ALBERTS: And there was pushed back last week from Europe, so will it be a disappointment or a failure if there's not a dollar figure or some sort of firm target on stimulus coming out of the G20?

HARPER: Well first of all I think there are two critical things to be done at the G20, as I've said. The first is that we focus on the major economic challenges of the day, on getting the global economy, getting global... the global recession ended, the recovery beginning, turning the corner on this. That has to be our first focus. And then second focus obviously has to be getting consensus on a number of macro-economic policy measures including hopefully on issues of fiscal stimulus. You know, I don't think the number is as critical as the fact we arrive at a game plan that we're all... that we're all willing to follow because – and that will include some fiscal stimulus – because in all honesty it is a global problem. We're in a global economy with a global recession and I don't think even the largest countries can solve it acting alone. There needs to be a concerted global effort.

ALBERTS: Are you confident that there's going to be a pretty solid framework around financial regulatory reform? Seen talk about the issue of having oversight of the top 25 banks, of having regulations around hedge funds. How far down the road are you guys towards making those...

HARPER: Well, I'm very optimistic on that. As you know Canada is actually co-chairing the G20 working group on regulatory reform with India, and I think we've got a good report that is going to gain

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consensus. When I look at some of what Secretary Geithner did this week, without getting into the details, the broad strokes of that are very much in line with what we've been proposing. So I'm quite optimistic that we will get revised sets of national regulations around the world going forward that are much more transparent and encourage transparency, that are much more comprehensible in terms of getting at all systemically important actors, and I'm also optimistic that those regulations... what I think needs to happen is those regulations need to be submitted to an international peer review mechanism so that... so that there can be some confidence on financial instruments that are crossing borders.

ALBERTS: Does Canada have any more to offer on stimulus, especially after sort of where you guys are at with the reports last week about the downturn in terms of GDP. Is that something that... I know that you're over the two percent target, but is Canada contemplating anyway... a stimulus because of what's happened?

HARPER: Well, look, I think is just too early to... it's too early to make that judgment. It is true that there is growing evidence that the recession globally and as it is impacting Canada that these things are stronger than we thought, turning it be stronger than even in January. But that said, the major stimulus measures which all governments in Canada are undertaking in a coordinated manner begin only April 1. I mean the fiscal year begins only April 1 so it would be, I think, wait too early to jump to the conclusion that we should do additional measures. These are very large, comprehensive measures. And look, we're not under any illusion, we're not single-handedly going to change the recessionary climate, because we're in a global recession. But they will help sustain economic activity and help us weather the storm

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while the... while the crisis in the financial sector elsewhere... in the United States and elsewhere, gets resolved. That is the thing that absolutely must get resolved for us to turn the corner.

ALBERTS: If I could turn to NATO for a second? I wanted to get your assessment of President Obama's Afghanistan strategy. You know, seems to be a very sharp focus on dismantling and defeating Al Qaeda and sort of moving the target... the goal of the US and maybe the alliance as well, in to institution building around training and political institutions. Is that the right mix? Is he...

HARPER: I thought... If you look at the report that came from President Obama this week, the strategy, I thought it's – obviously on a much larger scale – almost a mirror image of the Manley Report, the report of the bipartisan Manly working group we established two years ago that served as the basis of the parliamentary resolution we passed. And that is, you know, a focus on obviously more achievable military objectives, that is to say, training the Afghan army so they can handle their own security, eliminating the insurgency as a global threat, but not, you know, being more realistic about whether we can actually eliminate every single insurgent in Afghanistan. I think that's two completely different things. And then stepping up civilian coordination and greater focus on governance and development. This is exactly the Canadian strategy, and I actually think the President's report reflects the same strategy. Obviously a little more geopolitical focus on the interface of the Afghan conflict with problems in Pakistan. And obviously that is... that is something the Manley Report also addressed but obviously something that Canada could only be a part of tackling in coordination with our allies; we couldn't possibly tackle that ourselves.

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ALBERTS: You got some criticism over your remarks on CNN. It was raised this morning in the interview on Fox about your comment that we're not going to ever defeat the insurgency. But in the context of what you're just saying, I take it you stand by those remarks. Would you phrase it differently now?

HARPER: Well I think if you... If you actually watched what I said, I was very clear that what... by defeating the insurgency, what I meant by that and what I said in that interview, was we can't define defeating the insurgency as eliminating entirely the existence of an insurgency in Afghanistan and of every single insurgent. That is not realistic. Afghanistan's had some level of insurgency throughout its history, and there are many countries in the world that have some level of domestic insurgency that doesn't necessarily endanger the day-to-day stability of the country and certainly doesn't lead to global threat. So I think the objectives had to be obviously the elimination of global threat. You may notice the administration is much more clear on eliminating Al Qaeda than eliminating the Taliban, and there is a difference. But also training the Afghan forces so they can handle the Taliban threat as a domestic security issue, and not necessarily as I say defeat, you know, every single insurgent but certainly be able to govern the country in a reasonably stable environment. That's our objective.

ALBERTS: Is... I know the US is doing part of what it's doing because it was focused elsewhere, but is this an indictment at all of the NATO mission – and not speaking of Canada's role – but the fact the US has taken ownership of the war again, what does that... what does that say about the success or failure of NATO? And how difficult is it going to be for President Obama to convince NATO allies to go in and send more troops

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ahead of the elections and to send more civilians because there's apparently a lot of resistance to that. And will Canada do anything on that... on that front?

HARPER: Well, we are already stepping up in anticipation of the end of our military mission in 2011. We are significantly increasing our civilian capacity and have been doing so over the last year, and will continue to do so. So President Obama will find a strong ally in us on that count. Other countries have over the last couple of years been sending more troops. Not everybody, but a number have – the French, the Poles are the two most notable who have sent significant numbers of additional troops. Uh, look, I... I can only say this, and I'm not saying to, you know, to cast judgment on who was right or wrong. But the fact of the matter was that the Iraq war destroyed, at least temporarily, or disrupted, NATO's sense of commonality of purpose in Afghanistan. The fact that, you know, the Americans have been able to stabilize the situation in Iraq, as I say... once again a lot, along the lines of what I said in Afghanistan, not eliminating every single insurgent in Iraq but certainly creating a situation where the Iraqi government can manage its own security. The fact that they've done that and are now putting a priority on Afghanistan is a chance to rekindle a commonality of purpose. But, look, if you look at the sweep of history it is disappointing that this is almost a decade later, after we thought, you know, we initially went in there to deal with this head on. The fact of the matter is the focus went off of this problem for several years and we are now dealing with a much bigger problem than we would have been.

ALBERTS: So does that make it more difficult now to come back to NATO and ask them to do more, even in targeted capabilities, specific areas?

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HARPER: Well look, the world has been saying it wants a more consensual United States, but that it still expects American leadership. And I think President Obama is going to go to NATO, as he has been around the world, and saying, you know, I'm still prepared to demonstrate American leadership but do so in a more collegial and multilateral way. And if he's willing to do that we will obviously press our allies to respond to that. You can't... You can't say you expect the United States to be more multilateral and then leave the United States to act alone. Obviously we haven't done that and we... we don't think our allies should do that either.

ALBERTS: How are we doing?

UNIDENTIFIED: Uh, we're at 11 minutes.

ALBERTS: Okay. I've got two more very quick questions.

I have to ask you about the Secretary-General's position. There's been lots of talk obviously about Peter MacKay. There seems to be consensus emerging around the Danish Prime Minister, if I'm to believe reports. If that's the case, is that disappointing at all to Canada that a founding member of NATO, 60 years in, has not held the position of Secretary-General yet?

HARPER: Well, first of all, there's been no campaign for Peter MacKay to become Secretary-General. We are all I think very flattered that Minister MacKay's name has been used in this connection. I think it's indicative of two things. First of all an understanding of the enhanced role that Canada has had in NATO in the last few years in Afghanistan in particular, the military... the investments we're making in rebuilding our military, and it's also a reflection on the positive impression Minister MacKay has created

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during his interactions with other NATO governments. But we have not been campaigning for the position and, you know, as I indicated to President Obama sometime ago, the most important thing is that we find a... that there be a candidate that everybody is comfortable with because we don't want this to become an issue of division.

ALBERTS: Should Canada at some point have that seat?

HARPER: Um, you know, it's... the most important thing is that we get... we get a good solid candidate that can bring consensus to the office.

ALBERTS: And finally, the President is going to be outlining on autos tomorrow. How close is Canada to following suit on whatever is being done... when... What's your expectation of Canadian action?

HARPER: We've been working very closely with... as you know, we were with the Bush administration, and have continued to work very, very closely. I understand our officials are in almost daily contact with their American counterparts. As I said on the program earlier today, Sheldon, all the indications we have is that the Americans are determined that, to the extent they're putting public money in this, they will get a successful restructuring that produces viable companies, that they are prepared to lay down the conditions that will ensure the serious and vital decisions are made, the tough decisions are made, to ensure these companies are viable. You know... and, of course, this is what I told President Bush and then President Obama. You know, this is an integrated industry. We have 20 percent of it. We are more than willing to do our share and we have been all along, but Canadians, no more than Americans, don't want to see money put into a failing venture. So if we're going to put taxpayers money into this, all the

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stakeholders on the other side have got to make the tough decisions, have got to swallow the bitter pills, to make these companies viable. We simply cannot afford to put in a bunch of money now and have it fail or have them come back for more money in a year or 18 months. I think the Obama administration understands that and I think we're very comfortable with what they're going to be announcing.

ALBERTS: Okay. Thank you very much.

HARPER: Okay.

ALBERTS: I appreciate it.

HARPER: I think we've cleared it all up.

ALBERTS: I think so.

HARPER: Good.

ALBERTS: Thanks very much. I appreciate it.

UNIDENTIFIED: Thank you.

ALBERTS: Good seeing you again.

HARPER: Yeah, good seeing you Sheldon.

ALBERTS: Take care.

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