

Canadian Politics and Public Policy

# Policy



Game  
Change

Donald J. Trump



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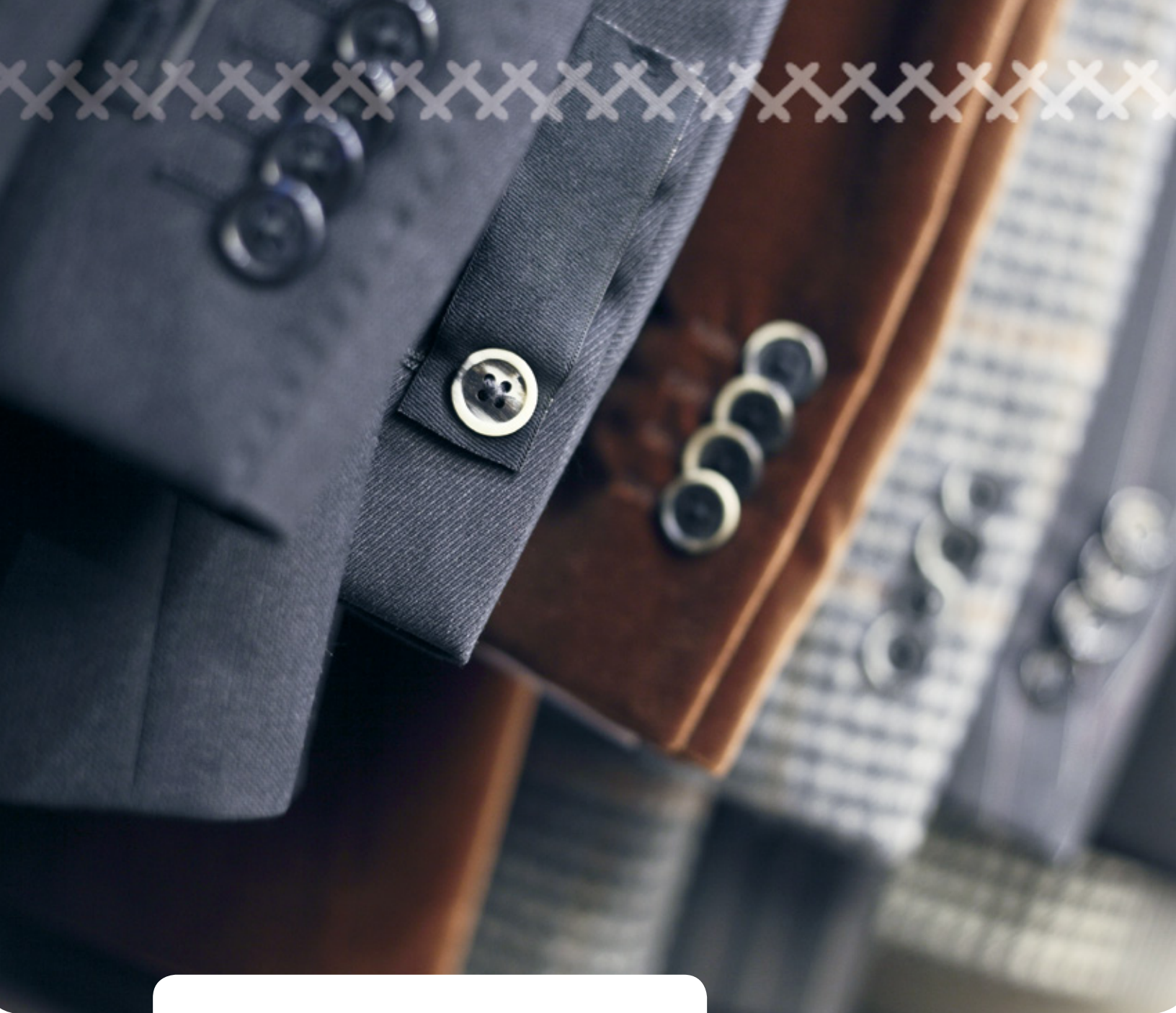
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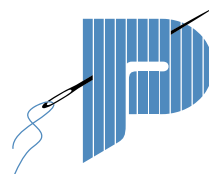
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# Policy

## Canadian Politics and Public Policy

### EDITOR

L. Ian MacDonald

lianmacdonald@policymagazine.ca

### ASSOCIATE EDITOR

Lisa Van Dusen

livddc@policymagazine.ca

### CONTRIBUTING WRITERS

Thomas S. Axworthy

Andrew Balfour, Yaroslav Baran

Derek H. Burney, Catherine Cano

Margaret Clarke, Celine Cooper

Susan Delacourt, Daniel Gagnier,

Martin Goldfarb, Patrick Gossage,

Frank Graves, Brad Lavigne,

Kevin Lynch, Jeremy Kinsman,

Andrew MacDougall, Velma McColl,

David McLaughlin, David Mitchell,

Don Newman, Geoff Norquay,

Fen Osler Hampson, Robin V. Sears,

Gil Troy, Anthony Wilson-Smith

### WEB DESIGN

Nicolas Landry

policy@nicolaslandry.ca

### SOCIAL MEDIA EDITOR

Grace MacDonald

grace@policymagazine.ca

### GRAPHIC DESIGN & PRODUCTION

Monica Thomas

monica@foothillsgraphics.ca

## Policy

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From the Editor / L. Ian MacDonald

## Game Change

Welcome to our special issue on the U.S. presidential election and what it means for Canada. On January 20, when Donald Trump becomes the 45th president of the United States, it will mark the beginning of a new era, one of considerable political uncertainty.

What kind of man is Donald Trump? What are his strengths? In a Q&A, we put that question to former Prime Minister Brian Mulroney, a friend of Trump's for more than a quarter century and his neighbour in Palm Beach. "Basically," Mulroney said, "what you see with Donald is what you get."

The former PM thinks that Trump and Justin Trudeau, with his acknowledged interpersonal skills, will hit it off. "I think Mr. Trudeau is going to get along fine with Donald Trump," Mulroney told us. "I know both of them. I know their skills and some of their attributes and their talents."

Even before Trump won the election, there was no question that trade would be on the bilateral agenda if he prevailed. John Weekes, former Canadian chief negotiator in the NAFTA talks, looks at Trump and trade issues. Meredith Lilly, Simon Reisman professor at Carleton University, thinks Trump's trade bark may be worse than his bite. But Mike Coates, global vice chair of Hill & Knowlton, points out that Trump's outsider status fits his style of disruptive leadership.

Public Policy Forum President Ed Greenspon looks at a perfect storm of three Es—economics, education and echo chambers—that propelled Trump to victory in the Electoral College.

How did the polls get the election so wrong? EKOS President Frank Graves says that the problem wasn't so much the national polls, which were generally within the margin of error, as

much as state polls, aggregators and predictions that completely missed the mark.

Conservative Leader Rona Ambrose offers an opposition view on the incoming Trump administration's potential to "massively impact Canada" on the three big challenges of "taxes, pipeline development and trade."

In a "Letter from America", Morgane Richer La Flèche writes of a family Thanksgiving in Cleveland and crowds in front of Trump Tower in Manhattan. NDP MP Nathan Cullen spent the last 10 days of the campaign on the ground, from Louisiana to Ohio. "In the aftermath of the U.S. election, Canadians must avoid being smug," he writes. "We're the country of Rob Ford and a (proposed) barbaric practices snitch line, after all."

Former Clerk of the Privy Council Kevin Lynch and former Foreign Affairs ADM George Haynal write that in managing the Canada-U.S. relationship, "sophisticated risk management needs to be the order of the day as the Canadian government pursues its policy objectives." From Washington, former Canadian diplomat Paul Frazer writes of the uncertainty of facing "a ringmaster president who acts and speaks on his own terms, and in his own time."

Conservative strategist and CBC political commentator Jaime Watt writes that Trudeau and Trump "have very different policy goals" but "whether they like it or not, they will be forced to work together on certain key bilateral issues."

Contributing Writer Jeremy Kinsman considers the impact of fake news and concludes that the "internet utopia is over." Yaroslav Baran writes that the other big winner in the election was Russian President Vladimir

Putin, who stands to be the beneficiary of Trump's ambivalence on NATO, as well as changes to the world order that could prove irreversible. Robin Sears writes that Trump succeeded as the candidate of change, but that chance also played a role, as is often the case in history. In a column, our associate editor and former Sun Media Washington bureau chief Lisa Van Dusen offers her take on how to make the radical bilateral adjustment from Obama to Trump.

From Clean Energy Canada, Dan Woynillowicz and Merran Smith suggest that Trump, as a businessman, will be on board with the quantum growth of solar and other renewables.

To conclude our Trump cover package, Don Newman reminds us that he accurately called the election in September *Policy* column but that a part of him wishes he'd been wrong.

In *Canada and the World*, longtime senior bureaucrat Richard Dicerni offers an affectionate tribute to Jim Prentice. "He proved that politics can be an honourable profession," Dicerni writes.

In a *Verbatim*, Google Canada's Sam Sebastian looks at Canada's potential as an innovation nation. "In the next 10 to 20 years," Sebastian predicts, "every Canadian company will become a technology company."

Finally, we offer reviews of two important Canadian books. Anthony Wilson-Smith reviews Charles Bronfman's autobiography, *Distilled*, and marvels at his exceptionally rich life. And Geoff Norquay gives two thumbs-up to John Laschinger and Geoffrey Stevens for *Campaign Confessions*, a memoir of a life in election war rooms. **P**





Prime Minister Justin Trudeau with Mila and Brian Mulroney at the French Embassy where the former PM was awarded the Legion of Honour on December 6. Adam Scotti photo

## Q&A: A Conversation with Brian Mulroney on Donald Trump and Canada-U.S. Relations

*Former Prime Minister Brian Mulroney has known Donald Trump for more than a quarter century. They own homes near each other in Palm Beach, share numerous friends and business associates, and their wives, Mila Mulroney and Melania Trump, have a habit of speaking to each other in Serbo-Croatian. Mr. Mulroney sat down in his Montreal law office with Policy Editor L. Ian MacDonald, his biographer and former speechwriter.*

**Policy:** You've always said Canada-U.S. relations was the top file on a prime minister's desk.

**Brian Mulroney:** That and national unity.

**Policy:** Now we are looking at Donald Trump as the 45th president of the United States. You know Donald Trump. He is a friend of yours. What is he really like?

**Brian Mulroney:** Basically, what you see with Donald is what you get. I

look at him this way. I listen to other people but I've known him for a long time. Not intimately, but I know him quite well and my reaction to a lot of the criticism of him is this: This is a guy who basically on his own built an empire worth somewhere between five and 10 billion dollars, apparently. He has five children who are wonderful, I know them all. None of them smoke, drink or take drugs. They are all hugely successful on their own. So, I figure if a guy can do that, he has something going for him and if you add to that the fact that for the first time in American history a guy came in off the street with no elected experience, no service as a military general, wins the nomination against 16 other candidates, and then wins the general election against a candidate with Hillary Clinton's brand recognition, he has a lot going for him, so I think he has a good run at this to be a successful president.

**Policy:** Do you think he can surprise to the upside?

**Brian Mulroney:** Yes. I think that is what is going to happen.

**Policy:** What are his strengths, when you look at his career?

**Brian Mulroney:** Well, his strengths are—clearly, he had a vision of where he wanted to be and where he wanted to take his company and he built quite a successful empire. Very few people could have done that on their own. Now mind you he had help from his dad when he started but he is not the first to have had that. And he built it and he then took a look at the politics of it and he decided he could run as a Republican and he had the guts and the courage to get out there and take a terrible pounding. A terrible pounding, for a year and a half. And yet he outfoxed them all with his skill and the new media. How he did that was brilliant. And he's entered the history books big time. A legacy in politics is two things—it is bifurcated. It's your electoral results—you don't get to be president unless you can win elections. And then it is the substantive policy achievements. I mean what he

*“A legacy in politics is two things—it is bifurcated. It's your electoral results—you don't get to be president unless you can win elections. And then it is the substantive policy achievements. I mean what he has done already has put him in the history books there. And now we are going to see about the substance of his vision.”*

has done already has put him in the history books there. And now we are going to see about the substance of his vision.

Just the slogan, when you think about it, Make American Great Again. Doesn't that appeal to the visceral instincts of a lot of Americans who felt that America had not treated them well? They lost a lot and their kids had fewer opportunities than they did.

*“I think Mr. Trudeau is going to get along fine with Donald Trump. I know both of them. I know their skills and some of their attributes and their talents. I think that while, ideologically, they can be worlds apart, there is enough success in pursuing common objectives that I think they are going to find a lot to be happy about.”*

**Policy:** How important are interpersonal relationships with this guy and do you see an opportunity there for Justin Trudeau to get acquainted with him, because Prime Minister Trudeau obviously has, and you've noticed this yourself, good interpersonal skills?

**Brian Mulroney:** Yes, he does. I think Mr. Trudeau is going to get along fine with Donald Trump. I know both of them. I know their skills and some of their attributes and their

talents. I think that while, ideologically, they can be worlds apart, there is enough success in pursuing common objectives that I think they are going to find a lot to be happy about.

**Policy:** For example, they both talk a lot about infrastructure. Is that something they can sit down and talk about?

**Brian Mulroney:** I think it will be one of the things on the top of President Trump's agenda and, as I understand it, Prime Minister Trudeau feels the same way about Canada. Look, we have a 5,000-mile border, so there's lots of things we can do together. Highways start up here and run down there. Electricity starts up here and runs down there and trade goes across bridges that we can build or not—if we want to enhance the value of free trade, we build more and render them all much more efficient and increase our productivity and the nation gets wealthier.

**Policy:** Trump is in favour of building the Keystone pipeline but he has said he wants 25 per cent of the profits of the deal for the U.S. I'm not sure we know where he's going with that or what he means by it.

**Brian Mulroney:** That'll be in the negotiations.

**Policy:** But that's a \$10 billion dollar project, with thousands of construction jobs in the U.S.

**Brian Mulroney:** Yes, Keystone is a big deal and it's going to be done by the Republicans. It's interesting. Canadians have a view that they are very favourable to the Democrats, but if they look over history, their best friends are the Republicans. I'm



not saying that in a partisan way—it is just the way it is. So Justin may find that he can get a lot more done with a Republican president than he ever could with a Democrat. Because if you look at the Democrats, the constituency of a Democratic president—from the left wing to the trade unions to the interest groups—they make it difficult for a Democratic president to respond to the call of the northern neighbour. Trump will be able to do it.

**“If you look at the Democrats, the constituency of a Democratic president—from the left wing to the trade unions to the interest groups—they make it difficult for a Democratic president to respond to the call of the northern neighbour. Trump will be able to do it.”**

**Policy:** And Mr. Trudeau is dealing with someone on the way in, not the way out.

**Brian Mulroney:** Yes, Trump will have four or eight years there.

**Policy:** When you talk about the economic relationship between us, do you think Mr. Trump will be aware that nine million American jobs depend on trade with Canada?

**Brian Mulroney:** I don't think he is aware now but he will be aware very soon. He's a very smart guy.

**Policy:** In Governor Pence's home state of Indiana alone, there are 190,000 jobs depending on trade with Canada.

**Brian Mulroney:** That's right. I think that a lot of his talk about NAFTA was directed towards Mexico, as you know. When he talks NAFTA he's also talking immigration. He referred to the immigrants coming across the



Canada's 23rd and 18th prime ministers in a quiet moment at the French Embassy residence. "I think Mr. Trudeau is going to get along fine with Donald Trump," Mulroney says. Adam Scotti photo

border, rapists and this kind of stuff, but that was a generalization of the feelings that a lot of Americans have about losing their identity because their borders are uncontrolled. Every nation is entitled to control its borders and let's face it, that southern border down there is a sieve, and so he captured the full force of that way of thinking in the United States and a result of, and a big victory for himself in the electoral college. But I think that when he takes a look at it that he is going to see the Mexican trade situation is not as bad as he painted it. And the Canadian trade situation is almost in perfect balance. This is an ideal result.

**Policy:** Well, to give you the numbers, and you know them well, in 2015 Canada exported \$397 billion of merchandise trade to the US and imported \$363 billion for a grand total of \$660 billion dollars of bilateral trade last year. And that doesn't count trade in services such as consulting and financial services, or Canada-U.S. foreign direct investment, FDI.

**Brian Mulroney:** And if you put it all together at the end of the day, America has a modest balance, a favourable balance with us. Which is what you want in a free trade agreement. You want it to be fair at the end of the year.

**Policy:** Do you think he knows the importance, or maybe will be briefed up by the time he takes office, of the energy relationship between Canada and the U.S., that we provide 100 percent of their imported electricity, 85 percent of their imported natural gas, and 43 percent of their imported oil?

**Brian Mulroney:** He knows that. He is a pretty sharp guy. He understands all that. Where he may have to get more sophisticated briefings is on the nuances of international trade and their implications. The extent to which our economies, our corporate lives are commingled and the way it works now there are bits and pieces from the three countries working together to make a product and send it to another country.

**Policy:** I wonder if you foresaw these outcomes back in October 1987 when you made the Canada-U.S. free trade deal with Ronald Reagan.

**Brian Mulroney:** We thought, I think if you check you will see that we were concerned as well about something happening in the future. So we have a deal with the Americans whereby we said that if something happens that affects Canada in a material way through something like NAFTA or elsewhere that the insurance policy is that we have in the deal is that the Canada-U.S. Free Trade Agreement kicks back in. We've got a free trade agreement no matter what happens with NAFTA, so we were always concerned. Not alarmed, we were concerned that something might happen in the future and we knew that the backbone of our financial success and our economic success as a nation was going to be trade with the United States.

**Policy:** There are always hardy perennials like softwood lumber kicking around. I remember that you said back then that you excluded softwood lumber from the Free Trade Agreement because all of the Pacific Northwest U.S. senators would have blocked it, and here we are all these years later still talking about softwood lumber.

**“ We have a deal with the Americans whereby we said that if something happens that affects Canada in a material way through something like NAFTA or elsewhere that the insurance policy is that we have in the deal is that the Canada-U.S. Free Trade Agreement kicks back in. We've got a free trade agreement no matter what happens with NAFTA, so we were always concerned. ”**

**Brian Mulroney:** Still doing the same thing.

**Policy:** And it is driven more by the industries than by the countries.

**Brian Mulroney:** Right, and one of the things that it is driven by is the fact is that in Canada the Crown owns the land on which the trees grow, whereas in the United States it's different. It's the private companies that own it. So they say, they argue that all of this constitutes a direct subsidy and therefore the product that is placed in America coming from a Canadian forest is in some ways illegitimate.

**Policy:** And we have the same thing with COOL—country of origin labelling on meat.

**Brian Mulroney:** Same thing. In fact, country of origin labelling is going to be pursued, I think, by the Americans in pretty well everything, NAFTA, the end of TPP, any deals they might do.

**Policy:** The Prime Minister and our ambassador to the U.S., David MacNaughton, have both said that if the Trump administration and the Americans want to re-open NAFTA, they're prepared to have a conversation. What are your thoughts on that?

**Brian Mulroney:** These trade agreements, the FTA and the NAFTA, have been in effect for nearly 30 and 25 years. There's nothing wrong with taking a look at refreshing and refurbishing them. When we did them, there was no internet. That's how much the world, and the way we

work, has changed since then.

**Policy:** Is it fair to say the TPP is dead?

**Brian Mulroney:** Yes, I said that some time ago because of the mood in the American Congress is such, you know, today that you couldn't get anything past there. And sometimes when I have nothing to do I think about the “what ifs” of history. And one of them is what if we had been defeated in 1988 in that election campaign and the Liberals had come in and cancelled the Canada-U.S. Free Trade Agreement. So we would be sitting here today with no Canada-U.S. Free Trade Agreement, no NAFTA and no GST. So at some point in time you would begin to atrophy and then somebody would say, look we better get going here. Let's go down and tell the Americans that we want a free trade agreement and you would go down there in those circumstances and tell them that and they would tell you to go fly a kite.

President Clinton used to say that leadership is sometimes looking around the corner of history, a little bit. That's what we did with free trade. **P**

*A Q&A at Brian Mulroney's Montreal law office, December 5, 2016.*



# The Cost of Trump's Transactional Approach to Trade

John Weekes

*The postwar, U.S.-led global trading system, along with the Bretton Woods institutions, has formed the economic backbone of the liberal world order of the past half-century. While the World Trade Organization went through a decade of melodrama as the early target of anti-globalization sentiment that has resurfaced politically in the past year, multilateral trade deals have made a comeback in the form of the now-precarious Trans-Pacific Partnership and the WTO's Trade Facilitation Agreement, among others. With an anti-multilateralism president preparing to occupy the White House and China eager to take over the leadership role from the U.S., what should Canada do?*

Since the Second World War, the United States has been the leading power in fashioning the structure of the global trading system. The system has been extraordinarily successful in growing trade and keeping markets open. It has provided a framework of predictable rules under which the private sector in various countries has been able to invest with confidence. Throughout this period, trade liberalization has been a major contributor to global growth, bringing hundreds of millions of people out of poverty. The system has also reduced trade tensions between countries and helped to preserve world peace.

The most important feature of the system is that it is rules-based. The vision of a framework of international trade law to keep markets open was pursued effectively by leading American statesmen such as Cordell Hull, President Franklin D. Roosevelt's secretary of state. The resulting agreements—first under the General Agreement on Tariffs and Trade (GATT)

and then the World Trade Organization (WTO)—have been crafted in a way that borrows in important ways from American domestic experience with the rule of law. For the U.S. this has been a very successful endeavour. While other countries have at times complained about the key role of the U.S., they acknowledge it has also been beneficial for the world.

It is astonishing, therefore, that the U.S. now has an incoming president who seems to find these American-inspired agreements problematic and appears to prefer proceeding on the basis of a series of individual deals. But this seems to be how he wants to proceed domestically as well, as we have seen with his recent intervention with Carrier. On November 21, Donald Trump provided a video “update on the transition and our policy plans for the first 100 days” in which he announced that on day one he is “going to issue our notification of intent to withdraw” from the TPP (Trans-Pacific Partnership). “Instead,” he continued, “we will negotiate fair, bilateral

trade deals that bring jobs and industry back onto American shores.”

The U.S. retreat from the leading role in shaping the global trade order will be seized on by China as an opportunity to pick up the U.S. mantle and work to fashion the trading system to suit its interests, but not those of other countries like Canada that want a system based on the rule of law.

“The leadership of the majority Republican Party in Congress clearly values trade agreements, as does the business community. These forces will help shape the Trump administration's approach to trade agreements and negotiations.”

As has been noted, there is a big difference between campaigning and governing. Trade policy and negotiations are the prerogative of Congress under the Constitution. Congress has delegated authority to the president to negotiate trade agreements subject to the objectives and explicit conditions set out in that law. The most recent delegation of authority was in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015. Among other things, this law requires the president in negotiating trade agreements to work closely with Congress and legally mandated private sector advisory committees. The leadership of the majority Republican Party in Congress clearly values trade agreements, as does the business community. These forces

will help shape the Trump administration's approach to trade agreements and negotiations.

Taken at face value, Trump's approach to trade negotiations is not good news for Canada. During the campaign, in his "contract with the American voter", Donald Trump stated that, as the first of "seven actions to protect American workers", he would "announce my intention to renegotiate NAFTA or withdraw from the deal under Article 2205." However, given the factors described above, it may well be some months before we know what the actual approach of the new administration will be.

For the time being, my advice to the Canadian government would be to keep its head down but initiate internal preparations for a possible renegotiation of NAFTA. A key factor to bear in mind is that the starting point for Trump and his close advisers is making "deals" that favour Americans and "balance" trade rather than seeking a framework of rules that allows all to compete on the basis of the same agreed rules. This is not an environment conducive to a good result for Canada or any other country.

If the administration decides to go ahead and formally propose the initiation of a renegotiation of NAFTA,

American preparations will move into a detailed phase to ensure that all significant American interests are properly taken into account. At that point, the sort of issues identified in the 2016 National Trade Estimate Report on Foreign Trade Barriers will come into play. This report required by law is produced annually by the Office of the United States Trade Representative. It provides "an inventory of the most important foreign barriers affecting U.S. exports of goods and services, foreign direct investment by U.S. persons, and protection of intellectual property rights". For Canada, the 2016 list includes such measures as:

- Canada's agricultural supply management system for dairy and poultry
- Restrictions on U.S. grain exports
- The personal duty exemption
- Restrictions on the sale of wine, beer and spirits
- Support for the aerospace sector, including Quebec support for Bombardier
- Intellectual property rights protection (including copyright and the patent utility requirements for pharmaceuticals that the Canadian courts have adopted)

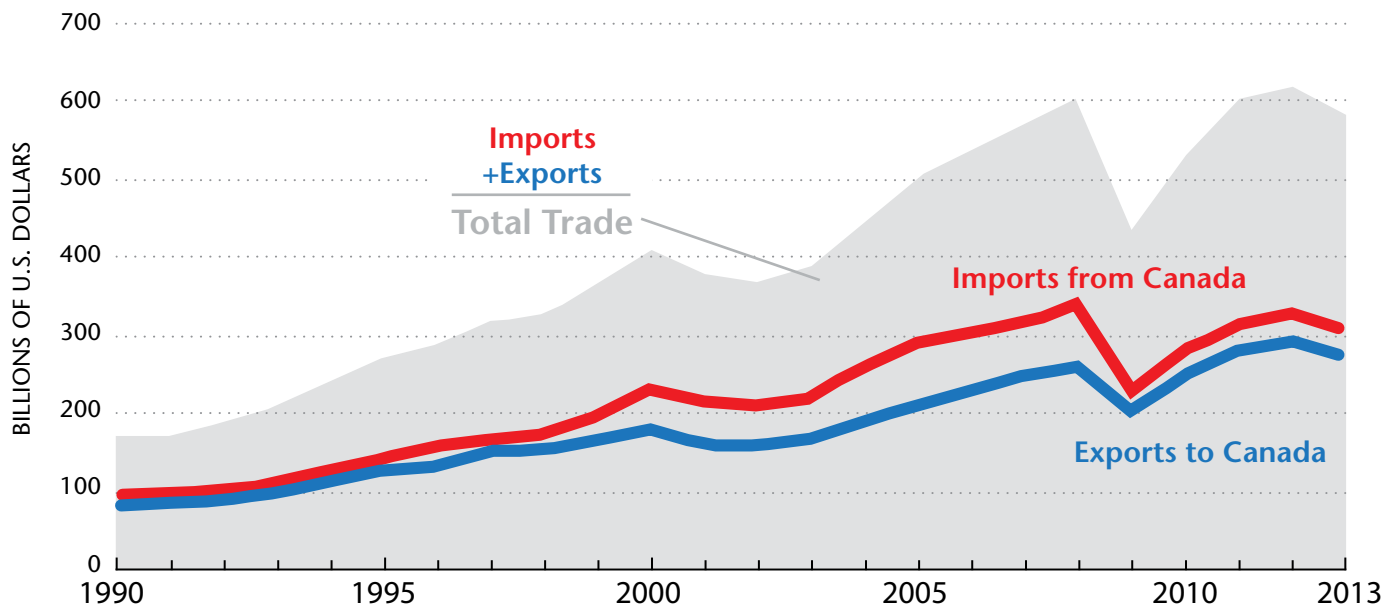
- Telecommunications investment restrictions
- Canadian content in broadcasting
- Investment barriers

**“So while the North American focus of the incoming administration has been on Mexico, there is a substantial agenda with Canada that American negotiators could bring to the table.”**

Other matters might also be on the table in a NAFTA renegotiation, particularly if it is the first negotiation for the new administration. Think for instance about the absurd claim by Trump and Wilbur Ross, his nominee as commerce secretary, that in the hands of a foreign government a VAT operates as a subsidy to exports and as barrier to imports. Would this bizarre thinking apply as well to the GST and the HST?

So while the North American focus of the incoming administration has been on Mexico, there is a substantial

**Figure 1: U.S. and Canada Trade in Goods has Increased Threefold Since 1990**



Source: U.S. Census Bureau



agenda with Canada that American negotiators could bring to the table.

We need to develop an equivalent agenda that Canadian negotiators could put on the table. The government should assign this a high priority. The government should also establish improved machinery for consulting effectively with the private sector as well as work closely with the provinces.

As some commentators have recently pointed out, if the NAFTA were to disappear, the Canada-U.S. FTA would come back into force and, therefore, losing NAFTA would be no big deal for Canada. This is a very simplistic view. The first impact would be an environment of considerable uncertainty. What would happen to North American supply chains? What would be the actual effect on Canada-U.S. trade of replacing NAFTA provisions, now in force for nearly a quarter of a century, with the less comprehensive FTA ones? And if the U.S. wanted to pursue an agenda with Canada might it also threaten to invoke the six-month termination clause in the FTA?

Here are a few of the specific problems Canada would encounter in returning to the FTA:

- A major FTA achievement, the binational panel system for addressing antidumping and countervailing disputes, expired under the FTA after 7 years. It was made permanent under NAFTA. This much-touted mechanism would no longer exist. It would not be replaced; the Americans never liked it.
- Going back to the less precise FTA rules of origin would risk returning to FTA era disputes (Honda, GM-Cami) about whether certain Canadian made products qualified for FTA treatment.
- Losing the strong NAFTA framework of rules for trade in services and investment under which companies have expanded and invested for over 20 years would pose serious uncertainties for established business relationships.
- Some have questioned the utility of keeping the investor state dispute settlement provisions of NAFTA. They may be about to become

more useful to Canadian business in a more protectionist U.S. trade environment where deal making may trump a framework of laws and regulations.

- Unlike the FTA, NAFTA has an effective provision to protect Canadian exporters from being sideswiped in a general U.S. safeguard action against injurious imports from all countries when Canadian products are not part of the problem.
- The general intergovernmental dispute settlement procedures in the FTA were strengthened in NAFTA.

Clearly, as part of its policy preparations, the Canadian government should take a deeper look at just what would be involved in going back to the FTA. This short analysis suggests the outcome would not be good for Canadian business.

In addition, the Canadian government should be identifying areas where we might share common ground with the incoming administration, e.g. energy pipelines.

And, very important, the government should be intensifying advocacy efforts with potential allies inside the U.S.. In pursuing this objective the government should work with the provinces, cities, business, and civil society making this a true national effort. We have a very good story to work with that includes the following:

- Canada is the U.S.'s largest customer, purchasing US \$338 billion in goods and services in 2015.
- Canada is the top export destination for 35 states.
- Canada buys more from the United States than does any other nation—including all 28 countries of the European Union combined.

**N**ow is the time to be underlining these points with Americans while they are still determining what the approach of the new administration will be.

The TPP would offer significant benefits to Canada including some useful updating of the NAFTA. Trump seems to have abandoned TPP but the Congressional leadership is urging him to reconsider and most of the American

business community is strongly in favour. Japan is continuing to urge the U.S. to ratify and it seems likely securing a TPP deal with the U.S. will remain Japan's top trade policy priority for some time.

In this situation the Canadian government should:

- Determine soon what its position is on the TPP, and assuming it is in favour
- Work with Japan and domestic allies in the U.S. to urge a reconsideration of the approach to the TPP by the Trump team.

In addition, Canada should:

- Expedite the agreed exploratory discussions for a possible Canada-China FTA.
- If it is clear TPP is dead, work with Japan to resume our bilateral free trade negotiations with a view to an early conclusion.
- Propose the negotiation of a free trade agreement with the ASEAN countries (i.e. Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam).
- Devote more resources to realizing the APEC heads of government objective of a broad free trade agreement of the Asia Pacific region (FTA-AP), which would include China.
- Reconsider seeking to be part of the China led Regional Comprehensive Economic Partnership (RCEP) negotiations provided we conclude that the emerging agreement is of a sufficiently high quality.

Working with the Trump administration on the trade front will be challenging. One thing seems highly likely; the policies of the next administration will be largely determined by Donald Trump himself. It follows that the relationship at the top between Trump and the Prime Minister will be critical for Canada. Prime Minister Trudeau should accord a very high priority to building an effective relationship. **P**

*John Weekes was Canada's chief negotiator in the NAFTA trade talks with the U.S. and Mexico. He is now Senior Business Adviser at Bennett Jones LLP. [weekesj@bennettjones.com](mailto:weekesj@bennettjones.com)*

# Managing Relations Under Trump Will be About More than Just NAFTA

Meredith Lilly

*Canada's trade relationship and economic integration with the United States are such that a new occupant in the White House can only bring so much change so fast. Based on what we've heard so far, Trump will be focused on other files, and to the extent that he does have an agenda with Canada, it can be managed, writes former Foreign Affairs and International Trade Adviser to the Prime Minister Meredith Lilly.*

Since his election as U.S. president, Donald Trump the Candidate—full of firebrand opposition to the North American Free Trade Agreement (NAFTA)—has adopted a more restrained approach, referring to NAFTA with less frequency and passion each passing day.

It would be naive to think that Trump will shift his focus away from NAFTA entirely upon assuming office, but imagining nihilistic scenarios for the Canada-U.S. trade relationship would be equally foolish. Wilbur Ross, Trump's pick for Commerce Secretary, co-authored a paper in September on Trump's economic plan: it referenced China 33 times, Mexico 10, NAFTA four, and Canada exactly once. Imagining that trade with Canada is in Trump's crosshairs would then suggest an unhealthy Canadian egotism about our relative importance to the American consciousness. Rather, the next U.S. president's export plan will rely on effective trade relationships with countries such as Canada, and we would do well to focus on realistic issues that Trump could pursue with Canada's leadership to further those goals.

It's entirely plausible that Canada will maintain its ongoing and positive trade relationship with the U.S. with little interruption. In such a scenario, the incoming U.S. administration will heed the advice of business leaders and the many experienced Republicans in Congress who know that nine million American jobs depend on trade and investment with Canada. Trump and his team will also listen to the 35 state governors (including his vice-president Mike Pence of Indiana) who list Canada as their number one export destination. Besides, given Canada's very high labour and energy costs, Trump already knows that Canada is not an offshoring destination for U.S. jobs.

In overall trade figures, the incoming administration may be concerned that the U.S. has at times run a small trade deficit with Canada (this was the subject of Ross's single reference to Canada in the above-mentioned document). But closer scrutiny of our bilateral trade flows would reveal that any U.S. trade deficit with Canada has been attributable to Canadian oil and gas exports to the U.S. In fact, many Canadian exports to the U.S. are raw

materials which are then turned into value-added products on American soil using American labour and innovation. In short, the Canada-U.S. trade relationship is a positive one, and the few irritants that exist are small potatoes compared to Trump's grievances with America's other major trade partners.

But even in a business-as-usual scenario for Canada-U.S. trade, our two countries will experience occasional bumps and irritants that require attention. This is normal and has happened under every American administration since NAFTA was signed. To this end, unless a miracle brings a last-ditch deal from Obama on softwood lumber, that file will continue to be difficult for Canada under Trump's administration. Without a united Canadian position for our negotiators to defend, the risks are very high that the U.S. will introduce countervailing duties in the spring.

Should Trump reveal a more proactive stance toward North American trade partners once in power, he could take some moderate action to address American trade irritants—primarily with Mexico and to a lesser extent with Canada. But without a named U.S. Trade Representative, it is difficult to anticipate what the new administration will target and whether NAFTA would even be the avenue chosen to confront those irritants. The problem with Canada offering its pre-emptive willingness to improve NAFTA in such a context revolves around this uncertainty about possible U.S. demands and the low likelihood that they will also reflect Canada's interests.



For example, while Canada would like to modernize the list of professions that qualify for temporary entry to the U.S. to reflect today's labour market, the U.S. didn't deliver this under Barack Obama in the Trans-Pacific Partnership (TPP). To think that Trump would be more motivated than his predecessor to improve labour mobility for foreign workers coming to the U.S. seems unrealistic. In other areas where Canada would like to see gains such as government procurement, the new U.S. administration can instead be expected to insert Buy America provisions into its new infrastructure spending plans that would exclude Canadian businesses entirely.

Contrary to some speculation, it is doubtful that Trump will seek to liberalize Canada's dairy market, even though it would please northern U.S. dairy farmers who contributed to Trump's electoral success. This is because the American dairy industry benefits from its own protectionist policies, which would be vulnerable if this area of NAFTA were opened up. In addition, the U.S. sugar industry is heavily protected and excluded from NAFTA, something Canada's sugar industry would like to reverse. Canada would have its own cards to play in any negotiation on agricultural access, so unless Trump is looking to loosen protectionism in U.S. agriculture as well, he would be wise to look for easier gains elsewhere.

To demonstrate early success on NAFTA, Trump should instead focus on areas where all three countries could agree. One such area may be e-commerce, which was never negotiated in NAFTA's original pre-digital universe. If the TPP is shelved as promised, it would be sensible for Canada, the U.S., and Mexico to adapt TPP's e-commerce chapter to the NAFTA context. If that occurred, it would also be unsurprising if the U.S. goes after Canada's very low *de minimis* level, something that falls outside of NAFTA but is closely linked to trade in e-commerce.

Canada's *de minimis*, the threshold for applying duties and taxes on imports,

has been set at \$20 since the 1980s and long before the days of online shopping. Canada's level is among the lowest in the world, well behind Mexico (\$50) and the U.S. (\$800). The U.S. has long encouraged Canada to increase our threshold, due to the disincentives created for American exporters of online goods to Canada.

Canadian consumers and many Canadian businesses want a higher *de minimis* level to reduce costs and shipping hassles, notwithstanding objections by Canadian retail stores who could be disadvantaged by such a change. On top of that, according to a recent industry-sponsored study (externally reviewed by the CD Howe Institute), raising Canada's *de minimis* level to \$200 would be *cost-saving* for the Canadian government, as the tax revenues collected on these small online purchases are insufficient to cover the associated border shipping inspection costs.

**“ To demonstrate early success on NAFTA, Trump should instead focus on areas where all three countries could agree. One such area may be e-commerce, which was never negotiated in NAFTA's original pre-digital universe. If the TPP is shelved as promised, it would be sensible for Canada. ”**

This small example highlights just one way in which constructive progress can be made on North American trade issues to benefit all three countries. While not the stuff of attention-grabbing headlines that a wholesale renegotiation of NAFTA might offer, simple policy solutions such as this one could give Trump a quick, clean victory as he seeks to reduce barriers to American exports.

**F**inally, it needs to be pointed out that the largest economic risks to Canada arising from Trump's election victory don't fall under NAFTA at all. Instead, Trump's corporate tax reform plans represent a serious risk to Canada because—unlike a wholesale renegotiation of NAFTA—they are achievable in the short-term and have the broad support of Republicans in Congress. When combined with one-off deals to attract and retain business in the U.S. such as the one Trump negotiated with Carrier, the Republican tax reform plan could render Canada a very uncompetitive destination for investment.

The other area where Canadian exporters could experience a serious side-swipe is over border security. While Canada has no reason to believe the U.S. will deliberately target its northern border, there is a real danger that we could be accidentally caught up in a broader U.S. border security agenda. Just as Canada's leaders had to do post-9/11, it will again be vital to demonstrate to the new American president that Canada is not an entry point for illegal travellers, drugs, or weapons into the U.S. and that Canada is a steadfast partner in U.S. efforts to ensure the safety and security of all North Americans. Failure to be both proactive and vigilant about this will result in border thickening, which will in turn jeopardize some portion of the \$700 billion in annual bilateral trade between our two countries.

Canadians have every reason to believe that we will continue to have a positive economic relationship with the U.S. under Donald Trump. But our bilateral trading success has always required care and diligence, and 2017 will be no exception. By promoting our common security and economic goals, Prime Minister Trudeau can play a big part in setting the relationship with President Trump on a positive path forward. **P**

*Meredith Lilly (PhD) is an Associate Professor at Carleton University where she holds the Simon Reisman Chair in International Affairs.*  
[meredithlilly@cunet.carleton.ca](mailto:meredithlilly@cunet.carleton.ca)

# Facing up to the Disruption of Trump

Mike Coates

*The election of Donald Trump as president of the United States has Canadian officials and diplomats scrambling for a new bilateral roadmap. But, as Hill + Knowlton Global Vice Chair Michael Coates writes, “In his book The Art of the Deal Trump talks about using diversions as a negotiating tactic, where initial offers are not final but rather starting points to signal a serious intent to make a deal. Many analysts are now speculating that Trump’s bark may be worse than his bite.”*

**T**he most successful leaders in today’s business world are often the most disruptive. Now, after shock results in Britain’s Brexit referendum and the U.S. presidential election, it looks like the same trend holds for politicians, too.

The biggest shock with the largest global impact—in particular on Canada—was caused by Donald Trump, the epitome of disruption, who broke every political convention in the book to win the presidency in convincing fashion, while the Republicans won both houses of Congress. This outsider to politics will now be able to try to implement his declared, disruptive political agenda—and in the process throw a serious curveball at Justin Trudeau’s own political agenda.

First, Canadian foreign policy assumptions around multilateralism will be challenged. Trudeau’s foreign policy is rooted in many of the same tenets as his father’s was: Canada’s interests are enhanced through multilateral agreements; the United Nations is the only legitimate sanction for use of force; Canadian trade must diversify beyond America; relations with communist countries like China and Cuba must be improved regardless of concerns

about serious human rights issues.

Trump implicitly and explicitly challenges these assumptions. He had already signaled his suspicion of multilateral trade agreements by promising to tear up the Trans Pacific Partnership deal among 12 Pacific nations, including Canada, and to renegotiate the North American Free Trade Agreement. The Republican Party has increasingly marginalized the UN as a serious part of the U.S. foreign policy agenda, something Trump is unlikely to challenge.

Second, Canada will lose its corporate tax advantage over the United States. Congress has already signaled its willingness to legislate major corporate tax reductions in the range of 15-20 per cent, as well as a one-time 10-per cent corporate tax on profits repatriated to the U.S. from other markets. These policies not only will keep business in America but will attract foreign investment that might otherwise have been bound for Canada.

Third, Canadian energy and environmental policies are now misaligned with those of the U.S. There will be no more talk of a North American Clean Air Act. Trump is determined

to achieve energy self-security and has promised to lift burdensome regulations that restrict oil and gas drilling and the production of electricity by burning coal. Meanwhile, Trudeau is close to reaching an agreement with the provinces on a green tax that will now make Canadian energy costs uncompetitive with those in the U.S.

Fourth, while both leaders see infrastructure as the key to growth, Trump’s spending plan could crowd out investor interest in Canadian projects. Furthermore, the initial reaction to Canada’s proposed infrastructure bank suggests Trudeau will have a big job on his hands to educate Canadians on the value of public-private partnerships. Public acceptance of public-private partnerships is an important hurdle investors in U.S. projects won’t have to deal with, as Americans are already accustomed to paying road tolls, operating private airports and generally sharing risks with the private sector.

Fifth, Trudeau and Trump are in two different worlds on immigration. While Trump wants to secure borders and eject illegal immigrants, Trudeau wants to expand Canada’s immigrant and refugee program, already much larger than the U.S. one on a per-capita basis. Canada stands to benefit internationally by being seen abroad as a welcoming and attractive place for immigrants, but this runs directly into conflict with Trump’s views on immigration, especially in light of U.S. security concerns about more than 30,000 Syrian refugees brought into Canada in the last year. It doesn’t take much imagination to envisage an impetuous reaction from President Trump if any refugee admitted to Canada turns out to be a terrorist.

Sixth, Canada meets the definition of the defence freeloader. The NATO



standard for defence spending is two per cent of a country's GDP; Canada's spending is less than one per cent. So far, Trump hasn't singled out Canada (unlike some European countries, South Korea and Japan), but President Obama did gently raise this in June during his visit to Ottawa. The issue is bound to come up.

**A**re we overreacting to Trump? In his book *The Art of the Deal* Trump talks about using diversions as a negotiating tactic, where initial offers are not final but rather starting points to signal a serious intent to make a deal. Many analysts are now speculating that Trump's bark may be worse than his bite. Moreover, many point out that the checks and balances built into the U.S. constitution will serve to mitigate the most aggressive of Trump's policies. But against this conventional wisdom are three important factors that may make Trump more effective in implementing his ideas.

First of all, Trump is not beholden to anyone financially for his victory. He self-financed most of his primary campaign and relied heavily on average Americans to fund his presidential race. This no-strings-attached presidency gives him remarkable flexibility, as evidenced by his willingness to take on traditional political donors such as Boeing, Ford and United Technologies.

Secondly, Trump's electoral success had more to do with Trump than with the Republican Party. He won in traditional Republican states and broke through in traditional Democratic states in the Rust Belt, fighting the Republican establishment every step of the way. Trump's supporters represent a movement loyal to him, not the party, which gives him powerful leverage over his own caucus when they don't play along with his agenda.

And thirdly, it is instructive to note that selected cabinet members seem to conform to his command-and-control view of the world, with at least three military men in his cabinet plus General Michael Flynn as National Security Adviser. Other secretaries who were committed to the policies in Trump's

campaign platform—including Tom Price in Health, Wilber Ross in Commerce and Scott Pruitt to head up the Environmental Protection Agency—will shake up their departments with agendas such as ending Obamacare, reopening NAFTA and rolling back EPA regulations.

Clearly, while there are still those who don't take Trump seriously, the evidence is mounting that he is hell-bent on executing his platform and may have greater flexibility to do that than previous administrations have had.

The tendency for Canadian officials will be to urge caution and wait for the US to act before initiating engagement. Their standard operating position will be to plan, create options and prepare. This position is exactly what disruptors thrive on and that competition that relies on the status quo almost always slips behind.

**“Trump's electoral success had more to do with Trump than with the Republican Party. He won in traditional Republican states and broke through in traditional Democratic states in the Rust Belt, fighting the Republican establishment every step of the way.”**

**S**o how should Canada respond?

From a policy perspective, this might suggest that Canada address some of the Trump curve balls in the following fashion:

1. Focus our trade negotiators on a new NAFTA arrangement and put everything else on the back burner until we have prepared for the engagement that is about to come.
2. While the Canadian government's recent clean air policy contemplates green taxes by 2018, we'll be

doing that at about the same time Trump's corporate tax changes will be coming into effect. Canada could consider reducing its corporate tax further to keep the carbon price tax-neutral.

3. We should immediately identify infrastructure projects along Canada's borders—such as pipelines, ports, the Seaway—where the mutual interests of Canada and the United States are aligned so we can table these during the first meeting we have with Trump.
4. We must reconsider our military priorities. We need to be prepared to help the United States in regions of the world where it needs the help the most. While Iraq is out of the question, Syria is not. We are there now and should consider whether to beef up this contribution and take our fight to ISIS.

The tendency for Canadian officials will be to urge caution and wait for the US to act before initiating engagement. Their standard operating position will be to plan, create options and prepare. After all, the United States has many things on its plate and it could be months or even years before any Canadian government needs to commit to policy actions in response to the Trump administration.

Anyone watching events unfold in business these days, particularly those of us in the communications industry, will know that this standard operating position is exactly what disruptors thrive on and that competition that relies on the status quo almost always slips behind. The Trump phenomenon is part of a worldwide trend to take back authority at the local and nation-state level and to try to manage the tectonic changes in our society without leaving it to multilateral institutions and treaties.

Justin Trudeau and his “sunny ways” government will have to adjust to this trend if they hope to mitigate the Trump effect. **P**

*Mike Coates recently returned to Ottawa from New York where he was CEO of the Americas for H+K Strategies, and is now global vice chair of the firm.*  
[mike.coates@hkstrategies.com](mailto:mike.coates@hkstrategies.com)



Donald Trump on the campaign trail. He swept the white, working class demographic, and benefited from a media “echo chamber” that “systematically underestimated Trump support.” Wikipedia photo

# The Triple-E Rebellion that Carried Trump to the White House

Edward Greenspon

*While November 8, 2016 will go down in history as the scene of a stunning upset, it should not have come as that much of a surprise, writes veteran journalist and Public Policy Forum President Ed Greenspon. Donald Trump’s victory over Hillary Clinton can be attributed to a perfect storm of three Es: Economics, education and echo chambers.*

Nine days before Americans went to the polls, I moderated a debate in Toronto between former Vermont Democratic Governor Howard Dean and former Pennsylvania Republican Senator Rick Santorum, both once candidates for their party’s presidential nominations. The event, sponsored by the Simon Wiesenthal Center, occurred on the weekend after FBI director James Comey released his controversial letter announcing the re-opening of the investigation into Hillary Clinton’s emails.



Dean, a normally temperate man, was agitated. At one point, he said if Trump won, 50 percent of Americans were going to think they'd been cheated. Santorum shot back that the other 50 per cent already felt that way.

Such is the state of play in the republic to our south, a nation of consequence to the world because of its roaring historic success and of special consequence to Canada by virtue of geographic destiny. In recent decades, its democracy has become increasingly polluted by polarization, weakening the pluralistic notion that you win some and lose some and accept both outcomes gracefully in the knowledge the other side will do the same next time out.

In the wake of the result, I think we can look to three factors, all starting with the letter e: economics, education and echo chambers.

**“In the United States, two-thirds of Americans live paycheque to paycheque. While the unemployment rate fell steadily under Barack Obama, the broader measure of labour market force participation reached a 40-year low of 62.4 per cent in September 2015, second-worst to Italy in the OECD.”**

**Economics' Dead End Kids**—In Canada, the relatively new term “inclusive growth” speaks to the need of policymakers in advanced economies to think in terms of both how to promote growth and how to make sure the fruits of growth, particularly opportunity, are fairly distributed. Inclusion is not mere redistribution; it's also an attentiveness to any systematic exclusion and alienation of elements of the population.

In the United States, two-thirds

**“Other social groups have also been left behind by the economic upheavals and income disparities of the age of tech and globalization. But few have fallen so far and been politically radicalized quite like non-college educated white males.”**

of Americans live paycheque to paycheque. While the unemployment rate fell steadily under Barack Obama, the broader measure of labour market force participation reached a 40-year low of 62.4 per cent in September 2015, second-worst to Italy in the OECD.

White males with low education levels are not the worst-off Americans by any measure. But many have fallen out of the middle class and harbour resentment at their loss of economic and social standing alongside an anxiety about diminished opportunities for their children.

**T**hey are a wounded cohort, with a shockingly long list of social pathologies. In the month before the election, Princeton University labour economist Alan Krueger published a paper called *Where Have All the Workers Gone?* His research found that a large share of American men between 25 and 54 suffer from physical pain, sadness and stress in their daily lives. Nearly half those not in the labour force take pain medication on a daily basis. “Prime age men who are out of the labor market report that they experience notably low levels of emotional well-being throughout their days and that they derive relatively little meaning from their daily activities.”

They are also highly prone to be the victims of gun deaths, particularly suicides; they are heavy users of opioids; they suffer high levels of obesity; their life expectancy is actually shrinking.

That this heartbroken heartland vote went 67 to 28 per cent for Donald Trump shouldn't be beyond comprehension. In a September *Globe and Mail* op-ed, former Privy Council

Clerk Kevin Lynch and I wrote that establishment leaders like Hillary Clinton bore responsibility for chronically failing to find policies to address this group's understandable sense of exclusion and grievance. “Nationalistic fervour is forever in wait for such policy disappointment,” we wrote.

Trump support correlates to race. One exit poll on election night showed the long-term trend line for the Democratic nominee in the 143 whitest counties in the U.S. had declined from 42 per cent in 2000 to 21 per cent in 2016.

But the drivers are more complex and more sociological. An August analysis by Gallup economist Jonathan Rothwell, based on 87,000 interviews, led him to posit that rather than suffering disproportionately from economic decline themselves, Trump supporters tended to come from places where their neighbours endured the kinds of hardships described above and the children of these communities were trapped by low economic mobility and few prospects.

Other social groups have also been left behind by the economic upheavals and income disparities of the age of tech and globalization. But few have fallen so far and been politically radicalized quite like non-college educated white males.

**Education: Not Horatio Alger's America**—For the wealthiest country in the world, the United States has descended into a remarkably mediocre education system. Starting in grade school, insufficient attention has been paid to public education, reinforcing class-based divisions and locking in advantage and disadvantage.

University graduates are less than one

third of the population. The OECD has reported that U.S. graduation rates rank 19th out of 28 countries, dropping from first in 1995. As other countries put a heavy public policy emphasis on education, the U.S. political system somehow cannot muster. Moreover, educational mobility has also plummeted (so-called downward mobility), which the OECD warned two years ago poses risks for health, community engagement and trust in governments, institutions and other people.

**“Whereas about half of young people in OECD countries have at least matched their parents’ level of education, a larger number in the United States—29 percent of men and 17 percent of American women—actually have less education than their parents.”**

Whereas about half of young people in OECD countries have at least matched their parents’ level of education, a larger number in the United States—29 percent of men and 17 percent of American women—actually have less education than their parents. That’s more than 10 points worse than OECD averages.

In his post-election analysis, FiveThirtyEight.com’s Nate Silver honed in on education as the single most important election variable. He calculated that in the 50 highest-educated counties in the U.S., Clinton did better than Obama did in 2012 by nine percentage points on average. But in the 50 lowest-educated, she ran 11 points behind Trump. By controlling for income, he says this is how Trump won the election.

Silver also surmised that low education levels rewarded Trump’s populist appeals to emotion over Clinton’s

more cerebral approach and the rise of a Trump news media machine. “Education levels have strong relationships with media-consumption habits, which may have been instrumental in deciding people’s votes, especially given the overall decline in trust in the news media,” Silver writes.

**Echo Chambers: Polarization by the people for the people**—The 2016 presidential campaign marked the first true social media election in the United States. Facebook has quickly grown into the dominant global purveyor of news and it designs its algorithms to reinforce ‘likes’—or, if you prefer, prejudices. Its decision in June to tweak its algorithm to feed users more news from friends and less from established media organizations unsurprisingly led to a lowering of standards of truth.

Well before the election, the Public Policy Forum was looking at the effects of echo chambers and filter bubbles for a study scheduled for release in late January 2017. Echo chambers tend to be self-selecting; individuals choose to spend their time watching Fox or visiting Breitbart.com. Filter bubbles are more insidious in that, whether they might care or not, most Facebook users have no idea they are fed a narrow view of the world that does little to distinguish truth from fiction and even excludes dissonant friends.

Trump supporters weren’t the only ones living in filter bubbles. So were the readers of the *New York Times*, *Washington Post*, *Atlantic*, *Slate*, *FiveThirtyEight* etc. They inhabited a liberal filter bubble that systematically underestimated Trump support.

More problematic still, the political right, which had long ago abandoned trust in established media, were either indifferent or unequipped to separate fact from fiction within their filter bubbles. And so the age of fake or post-factual news was born into a ready environment.

The significance of the confluence of these developments cannot be over-emphasized. Fox News may never have been fair and balanced, but at

least it was rooted in some interpretation of reality. In the classic characterization by political philosopher John Milton “truth and falsehood could grapple.” But place them in separate echo chambers and they have no common space in which to wage a battle for hearts and minds. All this has a corrosive effect on the commonweal.

**I**n sum, the economic pain that propelled the non-college educated white male political rebellion of 2016 is legitimate and was reinforced by years of policy neglect by Republicans and Democrats alike, ranging from lack of adjustment policies to a weakening public education system to an elite affinity for the political and cultural worldview of the east and west coasts.

We were forewarned many times over. In 1994, former Republican strategist Kevin Phillips wrote a best-seller called *Boiling Point: Democrats, Republicans and the Decline of Middle-Class Prosperity*. He characterized the 1992 defeat of the first George Bush as a product of middle class decline and suggested the attendant populist anger was not a one-time phenomenon. It would continue until prosperity was restored under government policies deemed to be fair. In their 2012 book “It’s the Middle Class, Stupid!” Clinton acolyte James Carville and Clinton pollster Stan Greenberg echoed the same themes.

The evolution of the internet gave these marginalized political actors a means to escape the elite consensus of the east coast establishment media, discover one another and build a movement off the base of their pain and hostility. Factual truth took a beating, but the participants in the internet insurrection apparently found home truths for their self-narratives of anger and abandonment. **P**

*Edward Greenspon is President and CEO of the Public Policy Forum and former Ottawa Bureau Chief and Editor-in-Chief of The Globe and Mail. This article is adapted from a presentation on the U.S. election on November 9, 2016. ed.greenspon@ppforum.ca*





Donald Trump won, and the pollsters, or at least aggregators, were almost all wrong, a spectacular failure of election predictions. Flickr photo

# Pollpocalypse? Not Again

Frank Graves

*In the wake of Donald Trump's unexpected election victory, pollsters are again taking a beating for getting it wrong. In the Brexit referendum, the last U.K. election and recent Canadian elections both federal and provincial, pollsters have been blamed for getting it wrong. EKOS President Frank Graves offers this explanation for what happened with the polls in the U.S. election campaign.*

United States presidential elections are the Super Bowl and World Cup of polling. The stakes don't get any higher and, in this historic election, the consensus predictions based on the polling were a near-certain Clinton win. In stunning defiance of the weight of "scientific" probabilities, Donald Trump fashioned a pretty clear victory in the Electoral College. Oopsie! Epic failure, once again on the part of the increasingly sketchy polling industry. But wait a minute; that may be a serious distortion of what really happened.

In this non-technical review I am going to try and sort out what actually worked and what didn't. Although the detailed post-mortems have yet to be concluded, it is actually pretty clear what went

wrong and why. Apart from the question of whether the polls blew it, we need to look at some broader questions of what the polls told us about where society and politics are headed.

The eruption of incredibly insightful and important analysis, much fuelled by the polls, has been of profound value. We can now sort out much more clearly what happened and why and it would never have been evident without polling.

### 1. Polls can still accurately model populations

On the issue of the ostensible failure of the polls, we argue that the depiction of a massive pratfall on the part of the pollsters is egregiously overwrought. There were some spectacular prediction errors, as there often will be when turnout is not high and the preferences of non-voters are systematically different than those of those who showed up. We can still model a known population (e.g., all eligible voters) but we will continue to have difficulty guessing who will actually show up; the unknown population of actual voters. The aggregate polls suggested that Hillary Clinton would win the popular vote by about three points. She will win by two, so that's pretty close.

### 2. The real problem was one of prediction

The problem wasn't the polls; it was the aggregators and predictors.

These aggregators include:

- *The New York Times*, which predicted an 85 per cent chance of a Clinton victory
- FiveThirtyEight, which predicted a 71 per cent chance of a Clinton victory
- The Huffington Post, which predicted a 98 per cent chance of a Clinton victory
- PredictWise, which predicted an 89 per cent chance of a Clinton victory
- Princeton Election Consortium, which predicted a 99 per cent chance of a Clinton victory

**“The U.S. election provides an even more vivid illustration of the hazards of putting too much confidence in the aggregators' forecasts.”**

- Daily Kos, which predicted a 92 per cent chance of a Clinton victory

For years, I have watched the aggregators borrow our polls and put them into their aggregation models. They draw their own conclusions from others' data without consulting—let alone paying—the firms that collected the data. Summarizing the averages and breakdowns of the polls is fine but many of the aggregators go beyond this and apply predictive models and seat forecasts, which are increasingly used by voters who may wish to vote strategically.

In Canada, our record of seat forecasts at EKOS has consistently been better than those of the aggregators despite the fact that they are drawn from a single polling company. In fact, at the federal level, we have never had the winner of the contest wrong (as all of the aggregators did in the US). Our worst error was calling a strong Conservative minority in 2011 (along with everybody else). The surprising majority reflected some of the same prediction problems that plagued the U.S. presidential forecasts. In a nutshell, when turnout is relatively low, and there are systematic differences between actual and non-voters, we are left with making conjecture. From my perspective, it is pretty clear that we aren't very good at that when those conditions exist.

The U.S. election provides an even more vivid illustration of the hazards of putting too much confidence in the aggregators' forecasts. I thought it only fair to aggregate the most influential aggregators and see what the overall forecasts were. Their logic (with some rationality) is that the averages across various polls will be more reliable than using a single source. So if the aggregation of polls

is sound, then the aggregation of aggregators should be even more powerful. What could possibly go wrong?

If we aggregate the average probabilities of the six major US aggregators that offered precise predictions we would find a range from 71 to 99 per cent with an aggregate average probability of around 90 per cent likelihood of a Clinton victory. The pollsters may have had some shortcomings but they pale against this epic failure. Clearly these predictions were egregiously wrong and the stated probabilities were fiction, not science. Worse (or better if you were a Trump supporter), it is highly likely that many weakly motivated Clinton voters stayed home on the spurious assumption that it didn't matter whether they showed up.

So let's cut the pollsters a break and pin this tail squarely on the donkey that deserves it. I don't mind defending and correcting errors that stem from our work. But I am getting really tired of hearing about this huge polling failure which, in this case, was manufactured by aggregators. Here are a few suggestions for the future:

- Be more modest in prediction claims and perhaps focus on summarizing the data that you 'borrow' from those who actually design, collect, and analyze the data that you so artfully manipulate; and
- Let those voters who are deciding on whether and how to vote know that you often really don't know what is going to happen.

### 3. Polls measure voter intention, not voter behaviour

Let's move on from the blame game and try and discern why the prediction errors and what the polling did reveal that was important and new.

Some have speculated that the problem was, in large part, a measurement error. Another variation on the 'shy Tory' concept. It may be that the same institutional mistrust that was a driver of the Trump vote also caused those voters to not participate in polls or park themselves in undecided. One of the firms that got it right found that asking whether your neighbour was going to vote for Trump more accurately reflected his real strength. One possible flaw in the shy Tory-type explanations is there wasn't much difference across live interviewer and IVR/Online. Social desirability (linked to shy Tory) should be much more evident with live interviewer and it really wasn't.

FiveThirtyEight's Nate Silver suggests it was a sampling error and there were simply not enough poorly educated males sampled. The IVR to landline surveys allowed Trafalgar to predict key swing states more accurately (possibly linked to this factor).

Personally, I believe the major flaw was one of prediction, not polling. As Pew has shown recently, we are actually doing a better job of modelling voters with probability samples than we were 10 years ago. The growing skepticism of the media and pundits in polling is not rooted in any scientific evidence that probability samples don't continue to work, despite declining response rates and the proliferation of cellphone-only households.

The problem is that the population of actual voters is an unknown (until Election Day). Let me be blunt: we don't really know who is going to show up on Election Day. When turnout is low to modest, and voters differ from non-voters, we are going to see errors. Asking people whether they are going to vote is useless. We might gain a little insight by asking if they know where their polling station is. One of the best predictors is that past voting behaviour—serial voters—generally remain such as do serial non-voters; until they don't. It turns out that a lot of lapsed Republican voters who haven't voted in years actually showed up this time, which threw the likely voter models off.

We have no unified theory of voter turnout and it isn't on the horizon. We face Hume's problem of induction—the future doesn't necessarily resemble the past. Or as Yogi Berra more pithily summarized, prediction is really hard, particularly about the future.

**“ Intriguing analyses have connected both Trump and Brexit to growing resentment and anger due to middle class decline and economic stagnation; resentment of the kids at the front of the class who have fared fine while everyone else has stagnated or fallen backward. ”**

#### **4. This focus on prediction obscures the real value of polling**

The exit polls (which solve the problem of the unknown population) provided some interesting answers to these questions. For example, we heard that various expressions of xenophobia and nativism, even white supremacy, were critical drivers. It appears that they were factors but almost certainly driven by more primordial economic and social class forces. Trump won many more states, but the total economic output of those states was roughly half that of the fewer states Clinton won. Trump also did better than Romney with blacks and Hispanics, which weakens the view that racism was a critical driver.

Intriguing analyses have connected both Trump and Brexit to growing resentment and anger due to middle class decline and economic stagnation; resentment of the kids at the front of the class who have fared fine while everyone else has stagnated

or fallen backward. Consistently, research in the UK and U.S. is pointing to new dark forces that are linked to economic stagnation and inequality, but express themselves in a disturbing rise of authoritarianism. In the 1960s, Daniel Bell argued that the ordered versus open worldview was displacing traditional left-right tensions. That prediction may have finally come true, but with a new interdependence between these views and the left-right spectrum. This coalesces to produce a highly uncertain complex of unpredictable social and political forces.

Polling may not help us predict the future but it sure is helpful in understanding what is going on and how we got here.

There are four key conclusions to be drawn from this analysis:

1. Polling can still accurately model populations (although there are new challenges and probably more sketchy polling today than in the past)
2. The last election polling in the United States wasn't great but it wasn't terrible. Polls don't measure electoral colleges, they measure voters, so perhaps that is one of the problems. The polling was closer than 2012 and overall within the margin of error.
3. The real problem was one of prediction. Some pollsters made bad predictions but the truly terrible errors came from the aggregators, not the pollsters.
4. Finally, we should reduce our fixation on predicting the result (which everyone will know the day-of) and try and understand what is going on with citizens. What were the rhythms and forces which drove the voters (and non-voters) and what do they tell us about how society and politics are evolving? **P**

*Contributing Writer Frank Graves is President and CEO of EKOS, a national public opinion research firm. [fgraves@ekos.com](mailto:fgraves@ekos.com)*



# We're the Conservatives and We're Here to Help

Rona Ambrose

**"P**eople who bowl vote. Bowlers are not the cultural elite."

So said American vice-president Dan Quayle in 1992. He was speaking in a Las Vegas bowling alley when he said it, so no doubt he was keen to warm up his audience. But this idea—that blue-collar, middle class, salt-of-the-earth types form the most dedicated bloc of voters—has been a political truism for years in Canada and the United States. You could just as easily apply the phrase to pipe-fitters while standing at an oil refinery, IT specialists working on your office computer, or—to use the Canadian cliché—the customers in line at Tim Hortons on a Tuesday morning.

Yet it isn't a stretch either to suggest that two recent events—the Brexit vote and the recent U.S. election—exposed deep levels of dissatisfaction with governments that were seen to be mired in self-interest rather than the best interests of the citizens they governed.

There are plenty of lessons for Canadian politicians to learn from Donald Trump's surprising political victory. But what may be the most critical is that pocketbook concerns are clearly shaping the average voter's anxiety, and in some cases, anger.

Now is the moment for the Liberal government to get focused. Big government experiments like legalizing marijuana, electoral reform or trying to define "social infrastructure" might be fun, academic pastimes for the Prime Minister, but governing is serious business. The incoming Trump administration has the potential to massively impact Canada, in ways that offer both challenges and

opportunities. Those working in the Canadian political arena will be under pressure to sell our message and ideas to every voter, regardless of location or income.

**“ There are plenty of lessons for Canadian politicians to learn from Donald Trump's surprising political victory. But what may be the most critical is that pocketbook concerns are clearly shaping the average voter's anxiety, and in some cases, anger. ”**

The three big challenges are taxes, pipeline development and trade. Put another way, Canada's relationship with the United States is about to become about jobs, in a way the Prime Minister doesn't seem to fully appreciate.

Of all of Prime Minister Justin Trudeau's policy initiatives, perhaps none demands a clear-eyed second look more than his high-tax approach.

Trudeau's carbon tax is without a doubt his signature policy. Yet, given that the United States is our most important ally and trading partner, any policy that promotes what is essentially a tax on everyday goods and consumables must be measured against the impacts it would have on Canada's competitiveness.

Donald Trump has been clear that a carbon tax is not on the horizon for the American economy. This new

development has put Prime Minister Trudeau dramatically offside with Canada's most important economic partner.

Canadian consumer goods are about to get more expensive, if the Prime Minister has his way. The cost of his carbon tax scheme could add a burden of as much as \$2,500 per household. This is an across-the-board hike on basics such as gasoline for our vehicles, the fuel that warms our homes, the power we require to keep the lights on, and numerous other everyday items. Add to that new payroll and income taxes and you get what former Bank of Canada Governor David Dodge calls an "economic exodus", where high skill workers flee south.

With the conditions being set for the U.S. economy to continue its upward growth, so, too, will American business begin to flex its advantages over its neighbours.

The Trump administration is planning to drop corporate tax rates from 35 percent to 15 percent, and dramatically reduce income tax rates. Canada's combined federal-provincial corporate rates place us 23rd of 35 OECD countries—Trump's changes would have the U.S. jump from 35th to 12th.

The incoming president has been clear that any new federal infrastructure spending under his administration will include local content rules that will restrict opportunities for Canadian steelmakers, engineers and construction workers to supply these projects.

The Canadian government should also anticipate that U.S. business will retain its energy cost advantage, as a Trump administration loosens the



Opposition Leader Rona Ambrose in the House of Commons. She writes that “there are plenty of lessons” for Canadian politicians to learn from Donald Trump’s “surprising victory”, not least the importance of pocketbook issues. Christian Diotte photo

reins on coal, methane and other corners of the energy production sector. Meanwhile in Canada, the government is phasing out coal with no clear transition plan for job losses.

Most bizarre of all was Prime Minister Trudeau’s proactive offer to reopen the North American Free Trade Agreement (NAFTA), one of the most successful trade agreements in modern history. Before even being asked, the Prime Minister stated publicly that Canada would be willing to look at a renegotiation.

Assuming the new president makes good on his campaign promises, U.S. trade strategy is poised to shift from free trade principles to a more case-by-case bargaining model. Access to the lucrative U.S. consumer market will depend on companies and trading partners agreeing to increase production in the U.S. or import more from American producers. While it is unlikely that a renegotiated NAFTA would hike tariffs on all Canadian exports—a move that could cut annual GDP by 2-4 percent, according to Export Development Canada—Canada would surely be asked to offer con-

cessions in areas such as supply management, intellectual property and cultural industries.

**T**he bottom line here is that more than three million jobs in Canada are tied to trade. Yet Prime Minister Trudeau has found his go-along-to-get-along tone on exactly the wrong issue, charging full steam ahead into trade renegotiations that put three-quarters of exports at risk. While “updating” the most important trade deal in Canadian history may sound like a tantalizing academic exercise, to thousands of Canadian farmers, workers, and business owners, it’s a chilling reminder that their livelihoods are too often subject to the whims of Ottawa politicians. And judging by the government’s record so far on softwood lumber, they have good reason to be worried.

The one opportunity here for Canada should be the Keystone XL pipeline. It would mean thousands of jobs for Canadian workers, particularly in western Canada, where dropping commodity prices have created an unemployment crisis that has gone unnoticed by the Liberal government.

Now is the time for the Liberals to reconsider their approach. The Trudeau government has been content to rest on the work done by the Harper government before them, while avoiding any public cheerleading for Keystone. A public display of support for a job-creation project would signal a measure of understanding for the average Canadian workers who simply want to get back on the job. This, as they say, is the easy stuff.

None of this is to suggest that Canada must move in lockstep with our American neighbours on every issue. Just the opposite—the most important job of any government is to defend the interests of the citizens it serves, and seize opportunities where they arise.

But the Prime Minister must not forget that government exists to serve the people, not the other way around. The moment we lose sight of the very real concerns of Canadians, we begin to erode our democracy. I’m concerned that Prime Minister Trudeau has yet to grasp that Canada’s ability to remain competitive and create jobs is very much a concern for regular Canadians.

So the focus now must be: keep Canada competitive. Now that the Prime Minister has offered to open up NAFTA, it won’t be easily closed. He must remain firm in defending Canada’s interests. Our Conservative caucus—having been the architects of our free trade agreement with Europe—are here to help. Lower taxes, both personal and corporate, to ensure it remains affordable to live and work in Canada. And recognize the opportunity that Keystone and other resource projects present for Canada’s resource industry and the thousands of good jobs that depend on it.

The people in line at Tim Hortons vote. They do it because they have not forgotten that they have a say as well. The Prime Minister cannot lose sight of their very real concerns. **P**

*Opposition Leader Rona Ambrose is Interim Leader of the Conservative Party of Canada.*  
[rona.ambrose@parl.gc.ca](mailto:rona.ambrose@parl.gc.ca)





The Trump Tower in New York, Donald Trump's home and base for his transition. Police have surrounded the building on Fifth Avenue, as have thousands of New Yorkers, some protesting his election, some just curious. Flickr photo/Anthony Albright

# Letter from America: A Canadian Millennial View

Morgane Richer La Fleche

America is hard to see, or so wrote the poet Robert Frost in 1951. The 2016 American election, which exposed deep fractures in the nation's discourse and demographics, has forced Americans and Canadians alike to revisit their understanding of the nation's divided electorate. As the country goes binary—blue and red, urban and rural, coastal and flyover—what still holds America together?

I spent this past U.S. Thanksgiving holiday with my boyfriend's family in the suburbs of Cleveland, Ohio. Educated and liberal, his relatives mirror the divide between urban and rural voters in the state and across the country. His 90-year old grandmother, who used to volunteer as a counselor for women seeking abortions, canvassed for Hillary Clinton. His aunt and uncle hosted a volunteer working on the Democratic campaign.

And while Cleveland ranks as one of

the most economically distressed big cities in America, there were no signs of Rust Belt decline on their tree-lined streets. The SUVs in their neighbors' driveways marked their distance from the pick-ups we'd passed in nearby towns, where the median income and population are halved. There were no Trump supporters at their dinner table.

Back in Manhattan a few days later, it seemed easier to take comfort in Clinton's now-sizeable margin in the popular vote. New York—like its coastal cousin, California—had been quick to declare its willingness to fight a Trump administration on issues from immigration to LGBTQ rights.

Uptown, protesters gathered in the lobby of Trump Tower, which has become an impromptu newsroom and heavily patrolled tourist attraction. Downtown, an interactive "Subway Therapy" installation in the 14th Street-Union Square station encour-

ages passerby to vent their post-election emotions through sticky note messages, which range from the apologetic ("World, we are sorry we failed") to the positive ("We are all immigrants, love your neighbor") to the obscene.

To some New Yorkers, a Trump presidency still feels theoretical. Deriding Trump as an "orange hand-grenade" for the malcontent, a friend suggests the reality of a Trump presidency would be less dire than anticipated. He spins this upset as a wake-up call that will force the political elite to be more responsive, strengthening the Democrats in the next round. While his optimism is soothing, I remember watching *Telamundo's* immigration-focused programming with my Colombian grandmother the day after the election, and recall the rise in hate crimes since. Doubting the impact of Trump's presidency is now a marker of privilege.



This election has made clear that we live in bubbles. After eight years in the United States, I do not know a single Trump supporter. Even my Republican friends supported Hillary Clinton in this election, some because they were convinced by her superior qualifications, others to protest their party's candidate. Only my friends who grew up in rural counties and the so-called flyover states claim to have seen it coming, thankful for their upbringing outside of the bubble.

Our inability to fathom a Trump presidency before election night, like our blind confusion in its wake, is a testament to the dangers of political isolation. This isolation is partly engineered by the tools of modern campaigns.

A few weeks after the election, I attended a lecture at the Data Science Institute of Columbia University given by Cathy O'Neil, whose latest book *Weapons of Math Destruction* investigates the ways that algorithms threaten democracy. Addressing the elephant in the room, O'Neil described how the predictive models used in political polling as well as micro-targeting strategies had contributed to the erosion of American political discourse. When campaigns can tailor a thousand different messages to audiences based on their identity, candidates don't need to waste time debating the issues. Once the electorate has been reduced to immovable tribes, winning is a matter of voter turnout rather than changing minds.

Consequently, Americans at the extremes of the political spectrum no longer share the same facts, which has made it increasingly easy to replace them with opinions. In just one striking example, a 2015 poll by Public Policy Polling found that 43 per cent of Republicans believe that Barack Obama is a Muslim, a false belief once embraced by the incoming president. Although rebuilding a functional national dialogue has been central to all of my conversations during this election season, I have yet to hear a compelling strategy for unification in a post-fact society where people don't

even know, let alone talk to, their political counterparts.

**“ Our inability to fathom a Trump presidency before election night, like our blind confusion in its wake, is a testament to the dangers of political isolation. This isolation is partly engineered by the tools of modern campaigns. ”**

**F**or many, reaching out to the other side sounds unacceptably like walking back non-negotiable progress on the cultural issues that have defined Trump's campaign. For some, it means engaging with people who view their very existence as suspect.

I have had the privilege of witnessing the most recent Canadian election from the United States, and the American election from Canada. In many ways, it can feel like these two countries—whose familiarity with each other has always belied their fundamental differences—have diverged irreversibly. Canadians' bewildered contempt for their Southern neighbor has only deepened. Meanwhile, it is already a well-worn quip that Citizenship and Immigration Canada's website crashed as the American election results rolled in.

In Canada, I am fielding more concerned questions than ever regarding the wisdom of my choice to live in the United States. In the U.S., my friends have become increasingly obsessed with our prime minister, for reasons ranging from his fiscal policies to his friendliness with pandas. While Trump ascended on promises of reclamation and retribution, Trudeau has branded Canada with openness, whether at the United Nations General Assembly or on Instagram. At a time when so many coun-

tries are leaning further into fear and division, it has suddenly become very cool to be Canadian.

Yet any glee that Canadians might feel at our own “Obama moment” has been tempered by the knowledge that Canada will feel the repercussions of America's mistakes. While much remains uncertain, friends on both sides of the border have expressed frustration over Trump's stated positions on immigration, trade, and climate change. In Canada, there is concern that Trump's success might inspire a Canadian equivalent—a claim for which there has already been some evidence.

After an election season that has wearied even the pundits, I was anticipating that exhaustion would be the most common response to the new president-elect. Yet I have found unexpected hope in the newfound resolve shown by people who, while politically aware, have never been politically active.

There is a strange solidarity in the willingness of American liberals to take responsibility for the Trump voter, their investment in a shared national project outweighing vast differences in values. I have heard friends strategize how to get involved in local politics. I've witnessed pledges to support social justice organizations, many of which have received a record-breaking number of donations since the election.

On social media, my peers have begun to alternate between categorically denouncing Trump and searching for more effective ways to reach out to voters they don't know. My boyfriend's aunt plans to get involved in immigration justice. If underestimating Trump was in part a product of complacency, then his election has invigorated a new resistance. Let's just hope it's not too late. **P**

*Morgane Richer La Fleche, a Montreal millennial, is a graduate of the University of Chicago and has worked on Wall Street. [mricherlafleche@gmail.com](mailto:mricherlafleche@gmail.com)*



Guest Column / Nathan Cullen

## Tailgating in Trump's America

**"I** simply can't vote for Hillary Clinton. She'll take away all of this," a woman told me, turning to the thousands of Louisianans gathered outside the college football stadium affectionately called Death Valley. "We won't be able to tailgate again."

Death Valley might as well be what Democrats call the vast sea of Red America that turned out in such overwhelming numbers for Clinton's populist opponent, Donald Trump.

I don't believe Hillary Clinton planned to shut down tailgating—the great American tradition of gathering with scores of friends and neighbours each Saturday of the football season to consume truly impressive amounts of grilled, boiled, deep-fried, BBQ'ed, smoked and every other form of cooked meat known to humankind. I wonder if she's ever been to a tailgating party. But it's where conservative, Christian and Donald Trump's America live and breathe.

I spent the final 10 days of the U.S. election on a State Department-sponsored tour with a small but hearty band of Canadian academics, politicians, pollsters and political types. Looking back, milling around a college football game wasn't the most obvious place to see how this election would turn out to be one of the most shocking in modern history—but it might have been the most honest.

In the aftermath of the U.S. election, Canadians must avoid being smug. We're the country of Rob Ford and a (proposed) barbaric practices snitch line, after all. We've known dangerous divisions and real cultural and political solitudes over our time as a nation. Political leaders have targeted vulnerable minorities to gain advan-

tage at the polls. America is just doing it with a reality TV star at the helm, ushering in an even less polished, less "elite" but devastatingly effective form of campaigning.

What is most worrisome isn't just Trump's hard right, or 'alt-right', tendencies. If there is any guiding political philosophy at all, it's the obsession with the next retweet, "like" or earned media moment. What's most concerning is Trump's willingness to subcontract the economic, foreign, and domestic policy details out to 'the best people' who represent some of the hardest right-wing elements in America.

Three newspapers ended up supporting Trump. One was owned by the Ku Klux Klan.

**E**ven in the midst of casting their votes for him, many Trump supporters openly admitted that he wasn't actually going to do the outrageous (and often completely impossible) things he had said that often first caught their attention. It was that their attention had been caught at all. Trump's ability to reflect back their fears and devastating sense of loss brought them slowly to support a man who had been a fringe and curiosity candidate up until he became the Republican nominee.

Bobby Kennedy once said, with great foresight, that "Too often we honour swagger and bluster and wielders of force; too often we excuse those who are willing to build their own lives on the shattered dreams of others."

The blind spot that media, pollsters and political elite (from both parties) had created was so large you could hide a Trump Tower behind it. The American media in particular had al-

lowed themselves to be willing and grateful accomplices in his rise to prominence. Never imagining him a serious threat, they allowed his Twitter account to drive the story of the day. And a willing and curious public reposted and gazed at this car wreck of a campaign throwing itself wildly down the highway to that November day.

Van Jones, the former Obama adviser and current CNN commentator, said it best when he warned a progressive crowd at the Broadbent Summit in mid-November that "Trump can happen here." Indeed, his poor imitation in the form of Conservative leadership candidate Kellie Leitch is making her own tentative steps.

From D.C. to New Orleans to Baton Rouge and Cleveland, we found a love of country almost unparalleled in its proud and unreserved expression. Asking an American who they were voting for was the equivalent of asking for their life story and hopes and fears for the future. It was inspiring, terrifying and, honestly, refreshing for us—coming from a country that so often apologizes or codes our political feelings.

Yet they've gone and elected a candidate who carefully and surgically exposed some of the deepest racial, class and historical divisions within their country. The question isn't whether Trump can heal the damage done, it's simply a question of how much more damage his wanton and irresponsible form of politics will inflict on a country needing more solutions, not more problems. **P**

*Nathan Cullen, MP for the northern B.C. riding of Skeena-Bulkley Valley, is the NDP critic for democratic reform.*  
[nathan.cullen@parl.gc.ca](mailto:nathan.cullen@parl.gc.ca)

# Canada and Trump: A New Focus on Mitigating Risk

George Haynal and Kevin Lynch

*While it can be difficult to discern precisely what the incoming Trump administration will or won't adhere to in foreign policy terms after a campaign fraught with mixed signals and a transition that seems to have ushered in a new era of improvisational diplomacy, there are some areas of bilateral concern in which careful planning can mitigate risk.*

Donald Trump's campaign rhetoric was anti-trade, anti-pluralism, anti-immigration, anti-climate mitigation and anti-multilateralism. The contrast with the Trudeau government's core policies could not be starker. Is conflict, then, inevitable? Not necessarily, but sophisticated risk management needs to be the order of the day as the Canadian government pursues its policy objectives.

The handling of the complex risks inherent in such an asymmetrical relationship as that which binds Canada and the United States has always been integral to Canadian "statecraft" by both government and business. It remains so and requires, now more than ever, not wrung hands, but cool heads.

No one can yet see the shape and contours of the incoming Trump administration's agenda. It remains prudent, therefore, to keep a low profile in Washington in the short term so as not to become a target in the uncertain discourse shaping the next four years. That said, we need to plan strategy and reinforce alliances of influence across the United States to help us meet the challenges ahead.

Canada's brand in the United States is positive but opaque. We are rarely at the top of the U.S. political agenda with the result that we are rarely the

targets for aggressive policy making. The negative is that when domestic interests in the U.S. deem it useful to do so, we face calls to pay for the broad relationship with concessions on individual issues such as softwood lumber protectionism and "Buy America" campaigns. While the vagaries of the U.S. political system may intensify now, they should not present an unprecedented challenge. We have to do our homework, look to the long term, propose ideas for mutual benefit, defend our interests and explore new opportunities.

The primary risks to Canada are clear: a renegotiation of NAFTA, whereby the US will push to retain jobs and investment with a particular focus on Mexico; a "thicker border" intended to reassure Americans that they are safe from illegal immigration and terrorism but that could impede the smooth flow of goods and people; and, a more aggressive approach to security, which could affect many bilateral relationships. On all these fronts, while we must protect our core economic interests and values, there is a range of mutually beneficial opportunities that we could pursue.

Both the Canadian government and the new U.S. administration are committed to large in-

frastructure investments to stimulate short-term demand and rebuild potential growth over the longer term. Given the integration of our economies, the interoperability of our infrastructure and the compatibility of our systems, there is considerable scope for a joint or coordinated approach to infrastructure projects. These could include the improvement of north-south transportation linkages, electricity transmission links, and smart systems and customs plazas to improve border crossings. Indeed, we might consider proposing a joint infrastructure investment fund, free of "buy national" constraints, to undertake beneficial joint projects.

Security is under threat around the world. We face an increasing risk of global terrorism, an escalation of cyber threats to data privacy as well as core infrastructure, a dramatic increase in human migration due to civil wars and fragile states, and a return of "Cold War geopolitics". Canada and the United States share that threat to an unusual degree given our contiguous territories, our integrated economies and related social values and rights. Neither of us can, for all practical purposes, totally separate our security from that of the other.

What might this mean in practice? Canada should consider measures to better protect the security of our national perimeter. This includes a greater focus on our obligations for Arctic sovereignty, particularly as the Arctic region becomes more navigable, and making the required investments in surveillance technologies, ice breakers, science and on-the-ground capacity. It also suggests greater investments in our security screening capacity at all points of entry—ports,



airports and land border—to better protect our perimeter and to thereby reassure on the Canada-U.S. border. And, as committed multilateralists, we should reinforce our support of NATO with both military dollars and political capital at a time when this crucial alliance is under threat from within and from outside, particularly by Russian expansionism.

But Canada's willingness to seize opportunities in this more uncertain global environment can and should extend beyond the bilateral relationship.

**T**he uncertainty about the direction of U.S. trade policies poses challenges and creates opportunities. On energy, while it is possible that the new administration might approve the Keystone XL pipeline, the key question is whether to perpetuate our total reliance on the U.S. market for our oil and gas exports, particularly as the U.S. ramps up shale production. Energy market diversification is essential, and this requires pipeline access to both coasts. The government's decision on the Trans Mountain pipeline was a welcome step in ensuring our energy sovereignty; moving oil and gas to the east coast should be next.

More broadly, the prospect of heightened U.S. protectionism should propel us to make concrete choices about trade diversification given our huge dependency on the American market. With the demise of the TPP, we could sign an early bilateral trade deal with Japan, which will be looking for new partnerships along TPP lines. With escalating China-U.S. trade tensions, we have an opportunity to negotiate a series of sectoral trade agreements with China, leading eventually to an FTA when circumstances permit. With chances of a U.S.-EU trade agreement now gone, CETA allows us to position Canada as the preferred North American location to produce and access the huge EU market as Mexico now does effectively thanks to its own agreement with the EU.

With a less welcoming U.S. attitude to both immigration and foreign direct investment, especially in the

**“The prospect of heightened U.S. protectionism should propel us to make concrete choices about trade diversification given our huge dependency on the American market. With the demise of the TPP, we could sign an early bilateral trade deal with Japan.”**

high-tech areas that demand world class talent, we should place a greater focus on attracting foreign investment in the new economy, along the lines of the Invest in Canada hub Finance Minister Bill Morneau unveiled in the November fiscal update. We are uniquely well positioned to do this. Canadian values of openness, tolerance, diversity and respect have a particular appeal in a world where they are increasingly in short supply. But Canada offers more than “niceness”—we have an excellent education system, strong research capacity, emerging start-up innovation clusters, liveable cities and stable public institutions. We need to better market these enormous assets around the world, including in the United States, as part of the “Canada brand” if we want to own the podium in the global hunt for talent.

Similarly, with respect to climate change policies, Canada can embark on a different approach than the United States, notwithstanding the integration of our business sectors. Indeed, we have done so successfully in the past—universal healthcare, the GST, the CPP-QPP and distinct banking regulation being obvious examples. The key is design: to change relative prices, not absolute costs. A coordinated national carbon tax along the lines of British Columbia's, with its clear recycling of revenues to maintain business competitiveness, combined with a flexible exchange rate and simplification of existing regulations, would be more effective and pose fewer competitiveness risks than complex cap-and-trade systems with unclear revenue recycling regimes.

**F**inally, there is also room to consider how a more protectionist U.S. trade stance could increase

willingness for reform within the Canadian economy, for instance in opening intra-provincial trade and rationalization of supply management, as well as burnishing our fiscal credibility by setting out a clear path back to fiscal balance at debt-to-GDP levels well below the U.S. and other major economies.

Uncertainty in U.S. policy making means Canada needs to be strategic in managing the dynamic risks and in pursuing potential opportunities. Free trade access to the American market and an open and efficient border are crucial to Canadian prosperity. It is the time for Canadian governments to strengthen connections with U.S. states whose largest export market is Canada. It is the time for Canadian businesses who export to the U.S. to work more closely with their American counterparts who profit from access to the Canadian market. And it is clearly the time to pursue talent, trade and investment opportunities globally.

But at its heart, the imperative for Canadian governments remains the same as ever—to pursue and protect our national interests, maintain the highest level of compatibility between our deeply connected North American economic systems, coordinate on shared global challenges, and take maximum advantage of opportunities opened to us by changes in U.S. policies, intended or otherwise. **P**

*George Haynal is Professor of Practice at the Munk School of Global Affairs and former ADM at the Department of Foreign Affairs*

*Contributing Writer Kevin Lynch is Vice-Chair, BMO Financial Group and former Clerk of the Privy Council and Head of the Public Service in Ottawa.*



The Canada-U.S. border crossing at Detroit, the busiest trade crossing in the bilateral trade relationship. The very size of the relationship, \$2 billion a day, means Donald Trump and Justin Trudeau will find ways to get along. iStock photo

# Geography has Made Us Neighbours. Now What?

Jaime Watt

*Donald Trump's successful campaign for the presidency of the United States didn't so much rewrite the rulebook as burn it altogether. It remains to be seen how conventional and therefore predictable his presidency will be. The early signs indicate that Canada's stewardship of the bilateral relationship will be tested as it hasn't been since the last Trudeau was in office.*

**T**he sky hasn't fallen.

In the weeks following the U.S. presidential election, the stock market was on fire, the nuclear arsenal had yet to be launched, more goods continued to cross the Ambassador Bridge between Detroit and Windsor than any other international border crossing in the world and Americans are still going to work and to school every day.

However, change is coming; change that affects Canada. And how Canada chooses to respond to the change will play a big role in the impact it has on our country.

This change will manifest itself in two ways. First, political campaigners will have to rewrite the rule book. Second, in terms of policy, Donald Trump will present several challenges to the Trudeau government because each has very different goals, including on current challenges such as the environment and refugees.

The unorthodoxy of the Trump campaign was astonishingly successful laying waste to the idea that cookie-cutter political campaigns are winning campaigns.

Trump threw out the campaign rule book because he had never read the rule book. In doing so, he created at least three new rules for elections to come.

First, the candidate with the best ground game no longer necessarily wins. Second, television advertising is not the key to success it once was. Third, authenticity no longer matters.

Throughout the campaign, Trump insisted he did not need to rely on traditional campaign tactics to win. Hillary Clinton used the data-driven, on-the-ground machine that propelled President Barack Obama to two straight electoral victories. Trump, meanwhile, pointed to the overwhelming nomination victory he achieved with a relatively small team on a tight budget, and he stuck to that strategy for the election campaign.

Then, Trump campaigned in a different way. Instead of spending millions of dollars on television advertising, he focused on old-school rallies, his message seeping through the free media coverage and his often ridiculous Twitter posts.

Finally, rather than strive for au-

**“ In terms of policy, Donald Trump will present several challenges to the Trudeau government because each has very different goals, including on current challenges such as the environment and refugees. ”**

thenticity, he played a consistent role, just as he had done on his reality TV shows, *The Apprentice* and *The Celebrity Apprentice*.

Campaign professionals strive to create an authentic candidate to whom people can relate—one with a backstory that captures the essence of voters' aspirations.

This was never going to happen with Trump, an unusually privileged son of a businessman, a billionaire who hasn't paid federal taxes in years.

But what Trump lacked in authenticity, he made up for with consistency. His contrivance was perfectly constant, across all media, whether it was a major network interview, a stadium appearance in front of 10,000 adoring fans or a late-night Tweet.

The new campaign rule book fundamentally alters the political landscape. No longer should we equate electoral success with those with the deepest pockets, oldest party roots, the most endorsements or a perfect Norman Rockwell resume.

Looking ahead, and with regard to policy and the future of the U.S.-Canada relationship, many have argued that Trudeau's mandate and many of his policy objectives are less likely to succeed with a Republican in the White House.

There is, however, another way to look at this—the Trump presidency might, just might, afford Canada economic good fortune.

In fact, it is not Trudeau's legacy and progress that's on the line.

Instead, more than a few policy

tenets close to the hearts of past Conservative governments are the ones at stake. The North American Free Trade Agreement (NAFTA), the Trans-Pacific Partnership (TPP), American rapprochement with Cuba, the Syrian civil war, engagement with Russia, unconditional support for Israel—the list goes on.

Trump's presidency poses a greater threat to former prime minister Stephen Harper's trade and foreign policy legacy than Trudeau ever did.

**“ Given this new world we find ourselves in, it's important that Trudeau respond only to concrete policy proposals that Trump puts forward, and not to his abstract Twitter proclamations. ”**

Given this new world we find ourselves in, it's important that Trudeau respond only to concrete policy proposals that Trump puts forward, and not to his abstract Twitter proclamations.

For the most part, Canadian governments have maintained a businesslike approach toward the United States, and such an approach will continue to serve Canada well with Trump in the White House.

There are a couple of things Trudeau needs to do to chart a path forward with Trump. He needs to reassure the Americans that we have their back on security.



He also must demonstrate that the economies of both Canada and the U.S. have been served well by constant, constructive engagement. He must demonstrate that the relationship is not a zero-sum game, that what is good for Canada in the bilateral relationship is also good for the U.S., and vice versa.

The new U.S. president and Canada's prime minister have very different policy goals. However, whether they like it or not, they will be forced to work together on certain key bilateral issues.

Trump's foreign policy acknowledges the fatigue that Americans feel about foreign military interventions. This sets the stage for the country to take a pass on multilateral conflicts.

Trump has already mused about scaling back American treaty obligations in Asia and with NATO, an alliance that he has attacked as "obsolete." Meanwhile, he has exchanged kind words with Russia, NATO's old nemesis.

On a more concerning note, Trump has threatened to ignore any invoking of Article 5—the principle of collective defence—by NATO allies who do not meet the minimum spending on defence. Canada spends less than half of the minimum.

On trade, Trump has expressed a desire to renegotiate NAFTA. If Canada or Mexico object, he could withdraw from the deal entirely—closing off the lucrative American market. That means that Brian Mulroney's 1987 free trade agreement with the United States goes back into effect, but Trump may want to renegotiate that, too.

The dealmaker-in-chief will not be content to let the status quo in trade continue, and he won't stop at NAFTA. Leaked transition documents show that he's taking aim at Canada's softwood lumber and beef industries, through country-of-origin labelling.

On taxes, Trump touts an aggressive plan to attract investment that could put Canadian business in peril. His tax plan features tax cuts across the board, with the hope that individuals and businesses will have more money to invest. Personal taxes would be simplified to three brackets, while corporate taxes would be reduced to 15 per cent from 35 per cent.

RBC Capital Markets reports that the move will boost the American economy, which would be positive for Canada. However, those moves would make Canada's Harper-level corporate taxes less competitive and make a southward brain-drain more likely.

**“ Trudeau was an enthusiastic signatory of the Paris agreement, and if Trump follows through, the prime minister will face a choice between keeping his word or making adjustments to guarantee Canadian competitiveness. ”**

And finally, Trump would put global climate agreements in jeopardy. He has declared that he doesn't believe in the science of climate change. He has said he intends to withdraw from the Paris Agreement on climate change, end carbon emission limits on American power plants, and deregulate coal, natural gas and offshore oil drilling. Trudeau was an enthusiastic signatory of the Paris agreement, and if Trump follows through, the prime minister will face a choice between keeping his word or making adjustments to guarantee Canadian competitiveness.

American energy independence is a core tenet of Trump's philosophy,

and he will try to reduce reliance on oil from countries he views as antithetical to the American experience. On the bright side for Canada, he has voiced support for the Keystone XL pipeline.

Earlier this year, *The Economist* listed the possible election of Donald Trump as one of the top 10 risks facing the world. He was rated as posing a greater risk than Britain leaving the European Union, or an armed clash in the South China Sea.

Trump's election to the Oval Office is a sign that choppy waters are straight ahead. Canada, like the rest of the world, has no choice but to sail right through.

John F. Kennedy, commenting on the relationship between the U.S. and Canada in his address to Parliament in 1961, famously said: "Geography has made us neighbours. History has made us friends. Economics has made us partners and necessity has made us allies." Words now graven in stone in the lobby of the U.S. Embassy in Ottawa.

Less than a decade after JFK uttered those words, Prime Minister Pierre Trudeau had to deal with an American president who was overtly hostile to the Canadian government.

In the peculiar way history repeats itself, Pierre's son will soon have to deal with a potentially hostile White House. **P**

*Conservative strategist Jaime Watt is a member of CBC's popular Insiders panel on The National, and executive chairman of Navigator Ltd.*  
[jwatt@navltd.com](mailto:jwatt@navltd.com)



Trump supporters rallying in Baltimore in September. While there was lots of fake news on social media, the outcome was stunning in the real world. While there was nothing presidential about Trump's campaign, he won the presidency. Flickr photo.

# The Trump Tsunami

Jeremy Kinsman

*The factors that converged to produce Donald Trump's previously unthinkable election victory weren't so much a perfect storm as a tsunami of discontent among certain voters, dissatisfaction with the Democratic alternative and the ultimate manifestation of a truth our culture has failed to reckon with for a decade: that the internet has been not the great democratizer it was supposed to be but rather just the opposite.*

Donald Trump's election as American president was a political tsunami of unprecedented force. His unpredictability and volatility could exacerbate the apparent anger of much of the electorate,

or appease it. But a vastly changed media and information ecosystem that enabled him to win the world's most powerful office with disinformation and fake news has exposed vulnerabilities for democracy, in the U.S.

and abroad. As historian Neal Gabler warned on Bill Moyers' website: "A democracy relies on truth. Fake news is an assault on democracy."

Others caution against over-reaction, amid a tendency to "normalize" the event and indeed the incoming president himself. As Barack Obama's national security adviser Susan Rice put it to CNN's Fareed Zakaria, "Campaigns are campaigns. Governing is governing. They are very different things."

Suggesting that Trump will pragmatically adjust to centrist and conciliatory realities when he actually has to govern a vast nation of 321 million people and assume the role of global leader, optimists cite his ostensibly non-ideological history and pattern



of shifting positions. They whimsically recall the old Groucho Marx line: “Here are my principles, if you don’t like them, well, I have others.”

They assume that candidate Trump will be changed by the “transformative” effect of the Oval Office that supposedly encourages American presidents to reach out to all Americans and unify the country.

A month into the transition courteously facilitated by President Obama, building a cabinet mainly of mega-wealthy entrepreneurs and individualistic military men, Trump only partly defers to the “old normal.”

His combative and touchy ego continues to dictate behavior. Without evidence, he blamed his popular vote loss by over 2 million on the votes of “millions of illegal aliens.” When asked if such unwarranted statements correspond to “presidential behavior,” Kellyanne Conway retorted “He is the president. So now, ‘presidential’ is what he does.” We are in uncharted behavioral territory.

Returning to California after the election, my first encounter was with that hackneyed local source, the cab driver coming in from the airport. An older white guy, he was deliriously happy about Trump’s win. He offered reassurance that the immigration stuff wasn’t about “you Canadians” but only concerned “the monkeys pouring over the Rio Grande,” said with a hint of fondness—understandably, in a town that would swiftly become an inert giant weed without Mexican-Americans who get more or less everything done. He also said it would be great to have “an American boy in the White House again.”

His rhapsodic sense of triumph seemed rooted in the certainty that Trump would get the economy going again and restore the American dream for guys like him. I doubt he knew that Obama had brought incomes up and unemployment way down (from 10 to 4.6 per cent) after the disastrous Great Recession he inherited in 2008-09. The politically

meaningful reality was that people like my driver hadn’t felt the benefits.

He saw Trump as a billionaire who knows how to “get big things done” and—best of all—as a fellow outsider. It’s that faith that partly fuels the angry Trump “movement” that attracted so many working people who felt marginalized. Trump didn’t discover their sense of injury. Books like *What’s the Matter with Kansas?*, *The Unwinding*, and *Hillbilly Elegy* had been digging for years into the fraught psycho-economic landscape of blue collar America.

But Trump came across as a first responder. Moreover, he found and exploited new channels through which to connect to the groundswell of largely uninformed anger, amping it up in much darker ways than Bernie Sanders’ did in his call for a new and fairer economic deal.

Many have assumed Trump won because he drew normally Democratic blue-collar white voters dismayed by their party’s distance from working class roots to cross-over. Data show that more important to his margin of victory were first-time voters who felt understood for the first time. For analyst Nate Silver, “education was almost everything.” White working class voters without college education who were Trump’s numerically most significant supporters demonstrated high susceptibility to fake news and charges. They were drawn to a candidate who was unafraid to say “some of the things we were thinking”—a good slice of which were divisive, untrue, and came across as dog whistle aimed at white ethno-nationalists.

Journalism may now be over-compensating in resorting to cultural anthropology to explain how such “ordinary people” felt marginalized and culturally oppressed by “elites.” A more significant resentment, especially since the financial collapse of 2008-09, is a belief that the rich, the privileged, the well-educated and foreigners have ripped off solid working people; that trade agreements have stolen their jobs for foreign fac-

tories, while migrants displace them at home and “minorities” get all the attention.

Jobs have indeed been lost—about 5 million since 1980—but the main cause is transformative technology, changing what America does and how and where it does it. Immigration, which has scored as a top concern among fewer than 10 per cent of voters, in this campaign became a wild-fire scapegoat, mostly in places where there are barely any immigrants.

As with the Brexit referendum result, the roots of grievance are more likely identity-based. Change has eroded ways of life and social status. Public institutions which people used to trust have lost their confidence.

However, Trump could not have shaped that susceptibility and mood of inchoate bitterness into victory without two essentials:

- A transformed media landscape he understood could be surfed by a truth-distorting populist; and
- An opponent in Hillary Clinton who—contrary to expectations—was a gift to him, in background and campaign performance, notably in making personal suitability the emphasis rather than policy.
- Internet transformations to the media ecosystem are far-reaching. That they threaten healthy democracy is a harsh cold bath for democracy activists who had a decade ago lauded the internet’s capacity to promote openness and inclusivity.
- It didn’t work out that way. As Farhad Manjoo wrote in the *New York Times*, the internet instead “loosened our hold on the truth.” Five years ago, our biggest worry was that it radicalized young Muslims. The *Times*, concluded that:
  - Twitter has become “a hate speech superhighway”
  - Along with Facebook and Google, it enables “voices that were lurking in the shadows” to



move to “the center of public discourse.”

- Together they have “radically reinforced the biases that drive Americans into dangerously opposite camps.”

The Times’ belief it still had sufficient authority as a “journal of record” to tabulate falsehoods and help keep the contest within the bounds of factual discipline ran into two problems: newspaper readership has plummeted, and so has faith in mainstream media, including increasingly bland TV network news. Gallup reported in 2015 that only 40 per cent of Americans believed that MSM report the news “fully and fairly.” Perhaps that is why the endorsement of Clinton by 360 of 371 US daily papers was much less influential than it would have been 10 or 20 years ago.

Donald Trump got it. He said anything, often in the early morning hours and on Twitter. Mainstream pundits chuckled at his apparently restless insecurity. But the cable news shows made those tweets about “Crooked Hillary,” or illegal migrant criminals, the top item in their morning line-ups of “news.” Tweets were radiated by chatbots, trolls, and false news sites on the web. An Oxford University research project showed that automated chatbots from the Trump campaign’s surrogates overwhelmed Clinton’s messages 5 to 1 in the campaign’s final five days, with false news, such as that Hillary Clinton was about to go to jail, and vast amplification of a distorted version of the politically volatile letters to Congress from FBI Director Comey.

The issue of fake news and fake sites popped up as a topic but the Clinton campaign blamed much of it on Vladimir Putin, accused of trying to rig the outcome in favour of “his puppet” Donald Trump.

Officially-sponsored RT and *Sputniknews.com* did push false stories against Clinton. But they were more often sourced by free-lance programmers in Russia, Georgia, and Macedonia, kids who created fake sites with inflammatory stories—e.g., that Hill-

ary and campaign chair John Podesta operated a pedophile ring in a D.C. pizzeria, or that she had “sold weapons to ISIS.” These were then radiated by millions of hits by gullible Americans on Facebook, thereby earning the fake newscasters advertising revenue from Google.

Negative news circulated much more effectively and widely than positive reports of any kind. False news reached far more people than conscientious reporting from mainstream journalists whom Trump described as “scum,” and the “lowest form of life,” an animosity ingested by his credulous followers (13 million on Twitter), thereby disabling the capacity of truthful reporting to get through.

Where does all this go now? Where’s the blame? Mark Zuckerberg, founder and CEO of Facebook, initially denied there was a problem. But Google’s technology elites promise they will clean up social media’s habitat. Twitter has purged some visible propagandists (who have migrated to another more permissive channel, Gab). But libertarians, technology Darwinians, and the money gods of Silicon Valley will resist more strenuous editorial censorship, screening, and fact-checking. Internet utopia is over. The Oxford Dictionary declared “post-truth” its word of the year for 2016.

The erosion of the primacy of fact-based evidence in debating public choices in our democracies is probably the biggest issue to come out of this election tsunami.

As to the world, Trump’s worldviews are not known apart from his belief the U.S. has been taken advantage of and that American interests will now come first. “America First”, as he put it on his “Thank You” tour in Cincinnati in early December.

For Canada, the bilateral relationship is more than economically vital; it is existential. That is why candidate Justin Trudeau made it his number one foreign policy priority. Canadians learned from Richard Nixon’s harsh unilateral assaults on all trading part-

ners that our longstanding intimacy with the U.S. is not a cast-iron exemption. We have to earn it every day.

It doesn’t mean pretending we share values where we don’t. Canada’s inclusive political culture and climate today stand in vivid contrast to what the U.S. has just chosen in this election. But since we are going to have some problems with the U.S. administration on economic and border issues, we have to think like neighbours who want to find solutions.

Problems must not define the relationship. We must make sure we operate together on agreed facts, with a mutual appreciation of how we depend on each other.

A new feature is that tens of millions more Americans now look to Canada with a certain envy. This can be a political asset with legislators, provided we don’t boast about being “more civilized.”

California, from where I write, is one of several parts of America that relate to Canadian norms more than to some “red-state” regions of the U.S., in the way we live more inclusively together, in our softer city environments, in our better PISA scores for education, in public policy in many areas and at many levels. To insure the border doesn’t become a disintegrating wall, we need to encourage all the connections we can, across educational institutions, civil society, science, and local and regional government.

Above all, as Canadians, we need renewed self-confidence to be ourselves, including in our defence of liberal internationalism and in pursuit of strong relationships with Mexico and our many key overseas partners.

Meanwhile, Donald Trump is our new interlocutor. We need to deal with it, and get on with it as best we can. **P**

*Contributing Writer Jeremy Kinsman was a longtime Canadian ambassador, notably to Russia, Britain, and the European Union. He is now attached to the University of California, Berkeley, and Ryerson University in Toronto. [kinsmanj@shaw.ca](mailto:kinsmanj@shaw.ca)*



The other winner in the U.S. election—Russian President Vladimir Putin at the UN Security Council in January 2016. UN Flickr photo/Eskinder Debebe

# Trump and the Erosion of the Western Consensus

Yaroslav Baran

*In just one year of headlines—the narrow Brexit referendum result, the election of a U.S. president who has questioned both NATO’s relevance and European unity, doubts about Russian involvement in the results of his election—a narrative has emerged that would rationalize what former Conservative adviser and Ukrainian community activist Yaroslav Baran suggests may be an irreversible shift in the world order.*

Two thousand seventeen may well go down in history as the year the post-war global order was scrambled irreversibly. The last year’s major electoral events amount to a loosening of the Western liberal-democratic consensus to an unprecedented degree, and to a weakening of the North Atlantic Treaty Organization never before experienced since the alliance was formed in 1949 as a common front against totalitarianism.

Ukraine’s deputy prime minister and minister for Euro-Atlantic integration, Ivanna Klymush-Tsinsadze, made an astute observation during a recent speech in Ottawa. She noted that if



anyone were to have suggested, five years ago, that a nuclear-armed Russia would imminently invade a major European country, they would have been laughed out of the park as a hawkish loon or conspiracy theorist.

Indeed, we all recall the guffaws endured by Republican presidential candidate Mitt Romney in 2012 for naming Russia as the greatest threat to global security.

Yet, here we are, at the beginning of 2017, with a now openly irredentist and revanchist Russia having bared its teeth, occupied the Crimean Peninsula in contravention of international law, and nearly three years into a prolonged hot war against Ukraine on a second front in the east.

Five years ago, the European Union was thriving and widely considered the most shining example of international cooperation and integration within a peaceful rules-based framework. The EU project was itself a proof point of the superiority of liberal-democratic values.

NATO was strong and knew its purpose: it was the teeth behind the bark of the liberal-democratic bloc of like-minded Western nations. It was an essential pillar of the global security order. And it was indivisible.

Today's EU faces growing anti-union movements from isolationist and chauvinistically nationalist parties. EU-skepticism is on the rise and the confederation is preparing to embark on divorce proceedings with one of its most powerful members, the UK.

For its part, NATO is facing a crisis of confidence. Despite unquestioned supremacy in military capability, the alliance has remained largely idle as a resurgent Russia repeatedly checkmates the West's diplomatic manoeuvres over global flashpoints.

The glue binding the Euro-Atlantic alliance has been weakened through rows among member states.

Greece and Turkey, both NATO members (and both traditionally wary of one other), have both cozied up to

**“Five years ago, the European Union was thriving and widely considered the most shining example of international cooperation and integration within a peaceful rules-based framework. The EU project was itself a proof point of the superiority of liberal-democratic values.”**

Russia, albeit for different reasons: Greece in reaction to EU austerity impositions, and Turkey in the wake of its own authoritarian post-coup crackdown.

The erosion of NATO unity is evident in the contrasting tone between Brussels itself and a growing number of the alliance's member states. While it traditionally reflected the foreign policy of its united members like a mirror, NATO Headquarters' official geopolitical pronouncements are now often contradicted at home with relativist, isolationist and increasingly populist tunes coming from its national capitals. At best, its positioning now comes off as aspirational, and the office of the Secretary-General behaves more as a press office than the central command of history's greatest military force.

Almost everywhere we look, the Western consensus appears to be crumbling. An isolationist May government in the UK is opting for a “hard-Brexit”, eroding British-EU relations in the process. Proto-fascist Marine Le Pen is outpolling competitors for the upcoming French presidency, while the only “reasonable” alternative with a winning chance appears to be Putin-apologist François Fillon.

Hard-right, Euro-skeptic or nationalist governments and heads of state have been elected in Hungary, Poland, Moldova, Bulgaria, Estonia, and counting—and Kremlin-backed movements and parties are on the rise in other countries such as Czech Republic, Netherlands, France and Austria.

The *coup de grâce* came with the election of NATO-skeptic Donald Trump as the next president of the United States. Trump's worldview, as distilled from his campaign-time pronouncements, holds

that Vladimir Putin is an admirable leader with whom the U.S. should mend relations, that NATO is an obsolete anachronism, and that the U.S. should not necessarily live up to its Article 5 obligations should belligerent Russia invade the Baltic states.

Indeed, Trump's populism is rooted in a fundamental iconoclasm that is challenging the major institutions underpinning the stability of not only the United States but of the geopolitical order: with a message track that may as well have been lifted from RT, he has challenged the integrity of elections and democratic processes, the merit of trade liberalization, and the relevance of NATO. He has pledged to end the mutual wariness vis-à-vis Russia, and to work with Russia to tackle ISIS.

As Canadian ex-pat and Atlantic editor David Frum noted on U.S. election night, “We may be living through the most successful Russian intelligence operation since the Rosenbergs stole the A-bomb.”

The picture has changed, the rules have changed, and the global geopolitical balance increasingly bears no resemblance to the values-based distinctions to which we have become accustomed: the clear dividing line between rule-of-law democracies and pseudo-market tough-guy autocracies.

How has such a dramatic shift occurred in such a short period of time? The clues have been around us for some time, but have all become evident through the U.S. presidential campaign. Three significant factors have coalesced in the current recipe for global instability: a blind eye among many trade-liberalizing countries to the demographics adversely affected by globalization; an information age that facilitates fake news and fabricated dissent; and the emergence



of non-state terrorism as a global boogymen. And all three have been actively harnessed by the one country with the most to gain.

As with every economic revolution, globalization has left some people behind. One of the greatest political failures of the last three decades has been an inability of many governments to sufficiently transition workers from the old economy to the new. While governments focused on the *net* benefits of liberalized trade, along with the GDP and job growth statistics that would accrue, they tended to neglect the human side of the equation: the two workers displaced so that the seven new jobs could be created. And while trade liberalization is empirically a positive economic phenomenon overall, it is also very real for the mine worker whose mine was shuttered or the manufacturer whose factory was moved offshore. This aggregate, legitimate, discontent has become an irresistible raw ingredient for the populist iconoclasts who lack the scruples about dabbling in the dark waters of stoking mass anger.

Likewise, the Information Age, for all its economic and social benefits, has provided critical infrastructure for dissemination of anti-establishment thought. Discontent, dissent, propaganda and fake news have superhighways to reach audiences instantaneously. Nothing short of a digital front has opened in the geopolitical contest. Actors such as Breitbart, RT and paid troll farms are now just as much a reality in political discourse and opinion formation as traditional media and methods. Aided and abetted by the closed-loop communities of interest formed by social media, and the effects of propaganda and fake news can be micro-targeted and amplified.

The old Soviet method of maintaining power was to clamp down on information exchange and communication. The favoured method of its successor is to embrace the information superhighway—and weaponize it.

The emergence of ISIS and other non-state terror entities are the fi-

nal ingredient in the cracking of the world order. These third parties have perpetrated such atrocities that they have forced state actors to look to non-traditional tactical allies. An early example of this phenomenon came when Obama and Putin set aside their differences over Russia's war against Ukraine to deal with the Syrian crisis. Just as the menace of Nazi Germany provided a necessity for the Allies and the Soviet Union to work together in the 1940s, Islamic terror is now creating a pretext for re-engagement between liberal democracies and predator states.

**“The old Soviet method of maintaining power was to clamp down on information exchange and communication. The favoured method of its successor is to embrace the information superhighway—and weaponize it.”**

What next?

Where is NATO headed, then, and what can be done to reverse the rapid decline or its clout? First, the uncompromised members of the alliance will have to set this as a conscious goal, and both Canada and Germany will have to play a major part.

Projects such as Operation Reassurance and Operation Unifier have to continue, with their mandates renewed. Canada is about to deploy to Latvia to run one of four NATO battalions in the Baltic region. These deterrent projects must proceed, and NATO should build contingencies should either of the major partners such as Britain or the United States reassign their resources.

While a difficult budgetary pill to swallow, we must also get used to the idea of investing more in defence. NATO guidelines call for member

states to invest 2 per cent of GDP on defence, while Canada has consistently been coming in under half that value. If Poland, Greece and Estonia can hit the target, certainly there is no excuse for a G7 country like Canada not to, although it would admittedly add significantly to the federal deficit and debt.

The countries on the front lines of risk—such as Ukraine, Poland, Latvia, Lithuania, Estonia and Georgia—must also step up their diplomatic game in framing the current Russian threat for what it is, and countering the deluge of “cultural” and “informational” projects flooding the West from the Kremlin and its many proxy institutions.

Finally, counterintelligence must be stepped up across Europe. Almost all of the EU- or NATO-skeptic movements of the last several years have had a strong monetary or info-war connection to the one country that stands to benefit most from a decline of these two liberal-democratic institutions. Earlier detection, realistic assessment of threat, and stronger legal frameworks that allow prosecution are required, lest the divide-and-conquer trend continues.

The year ahead—not to mention the next four in their totality—will be a critical test for the resilience of the Western consensus, and specifically, for the survival of the European Union and NATO. Let us pause to acknowledge Mitt Romney was right, and let us take the remedial steps to ensure the 21st century does not revert to 19th century norms. We are past the point of being able to do this easily, but it must be done to save the global hegemony of liberal-democratic values—values that have always defined who we are as Canadians. **P**

*Contributing Writer Yaroslav Baran is The Ottawa president of the Ukrainian Canadian Congress and a former senior communications advisor to Stephen Harper. He is a principal with the Earncliffe Strategy Group.*  
[yaroslav@earncliffe.ca](mailto:yaroslav@earncliffe.ca)



The U.S. Capitol seen from the Canadian Embassy on Pennsylvania Avenue in Washington. It isn't just the White House Canada has to deal with, but equally two Houses of Congress, both now controlled by the Republicans. As Paul Frazer notes, Washington is an incredibly complex town. Shutterstock photo

# Canada and the Ringmaster President

Paul Frazer

*The election of Donald Trump as president of the United States has bilateral relations experts scrambling for clues as to what this means for the Ottawa-Washington policy axis. Veteran Canadian diplomat Paul Frazer, now an established Canada-U.S. consultant based in Washington, provides his early read on the next Oval Office occupant and how Canada should conduct itself accordingly.*

We don't know what Donald Trump's victory will mean for Canada-U.S. relations. We can't even be sure what it means for the U.S. The post-election environment remains fluid. Trump's supporters voted for disruption; they chose someone they think is independent of the Republican Party "establishment" and they expect him to deliver. Voters, tired of Washington, wanted a straight-talker to act deliberately despite breaking some dishes along the way.



Canada faces a “ringmaster” 45th president who acts and speaks on his own terms and in his own time. He has provided scant detail about policies or specific action he will take as president. Random tweets on a wide variety of matters are the few clues about his post-election thinking.

Will the many issues in Canada-U.S. relations be dealt with primarily in 140 character bursts? Will the late-night tweet be the president’s public approach to deciding/announcing how an issue will be resolved? Is this a new and serious dimension in bilateral relations? Possibly.

The period between Prime Minister Justin Trudeau’s election and the November presidential vote allowed Ottawa to take stock of the Canada-U.S. relationship and examine strategic options on TPP, NAFTA, softwood, pipelines, climate change, agriculture, border security and other border-related issues.

Regardless of who is president, the Canadian game plan in Washington must also recognize the need to work effectively with both Congress and the White House. The president and Congress are not always on the same wavelength even if the president and the congressional majority are (ostensibly) of the same party. Barack Obama had a majority in his first two years and discovered how quickly that power dissipated. But at least he and the Democratic party were reasonably united.

Trump’s victory has improved his relations with the Republican party and together they’ve enjoyed the post-victory moment. But given fundamental discord within the party, doubts about his conservative credentials and the Trump personality, expect the road ahead to be rocky. The natural tensions between the House and the Senate as well as between the president and Congress could become more significant.

**T** rump is enjoying the political epicentre. All supplicants file directly to him—some more than once. His manner

**“Canada’s bilateral strengths with the U.S. are embedded in the facts of the relationship and a history of sound bilateral co-operation and collaboration. But another strength can be a good understanding of the incoming president. Trump has shown he is not a hostage to ideology.”**

is less bombastic but he continues to be unpredictable. He will not automatically be in line on party orthodoxy and this will set the stage for political struggles on a range of economic and public policy issues. For now, the party establishment and the party’s rebel factions seem prepared to give him some leeway.

Promoting and protecting bilateral trade, economic and defence issues requires that Canada have a clear idea of national interests, goals and objectives. This is a stiff challenge. It is important not to overreact; Canada must be vigilant, agile, cool and ready to act to support its interests. In Washington, a talent for multitasking is invaluable. Official Washington is notoriously complex and fraught with political land mines.

Canada’s bilateral strengths with the U.S. are embedded in the facts of the relationship and a history of sound bilateral co-operation and collaboration. But another strength can be a good understanding of the incoming president. Trump has shown he is not a hostage to ideology. His transactional nature and his results-oriented approach offer opportunities for Canada. By examining Trump’s stated interest in (and commitment to) “jobs, jobs, jobs” and support for the middle class and growing prosperity, Ottawa may identify excellent entry points for a bilateral conversation about areas also close to the political/policy heart of the present Canadian government.

Ottawa should consider approaching the bilateral relationship on an issue-by-issue basis rooted in economics and smart political strategy. Look closely at potential areas of common

cause and devise an approach to appeal to the new administration, especially the president’s self-image and to his circle, to satisfy U.S. needs and meet Canadian interests.

Initially, there may be few natural matches, but if Ottawa can get beyond the Trump political theatre there is potential to make progress in promoting and protecting Canadian interests.

Ottawa’s readiness to discuss NAFTA with the incoming administration is a very good example of keeping the door open to dialogue rather than mounting a knee-jerk negative response to what appeared to be a serious campaign promise. Trump’s statements on trade and tariffs are already generating some pushback among Republicans in Congress.

Canadian ministers, ambassadors and parliamentarians easily cite the numbers on cross-border trade, investment, and U.S. jobs rooted in the bilateral relationship. This is the Canadian mantra in Washington. However, today’s political circumstances require that Canada actively take this key message beyond Washington as well, to those who voted Republican because of their serious malaise, even anger, over the impact of globalization and the long, deep recession on their personal lives and communities.

Anxiety knows no political boundary. Many Canadians are also concerned about their own growing income inequality, job loss, and employment uncertainty. One would be misguided to develop a strategy based on a simplistic assessment of U.S. voters this year.



Ottawa can argue that what it wants for Canadians on these issues is what the president-elect wants for Americans. Methods and approaches will be different but that does not preclude successful efforts to reach common ground on specific issues and set a positive tone for managing relations.

The Trump administration will not be the first one to be inadequately prepared for the U.S.-Canada relationship. The sooner it learns the core facts and sees the collaborative opportunities, the better.

Canada must move quickly beyond impressions and uncertainty and work to define the relationship in constructive and imaginative ways. Show the administration how working with Canada can pay dividends; how building on what exists will enhance U.S. and Canadian economic, job creation, and middle class interests. I suspect Mr. Trump will understand before most that there are excellent opportunities on the bilateral horizon in keeping with his own views; but he needs a straightforward brief that speaks his language.

"Canada" was not an issue in the presidential campaign nor is it a source of present anxiety. Few Americans recognize Canada as a NAFTA partner. They don't know the real relationship nor the value that accrues to them from it. Canada should use this to engage the new administration and the Congress. There are members of the House and Senate in both parties who are Canada's allies on many issues. But this can't be taken for granted and must be enhanced and broadened.

Americans, generally, are open to information, they will listen and they can be practical when challenged to address a matter relevant to their (political) interests. They will not "roll over" on an issue to favor Canada and it is therefore incumbent on Ottawa to devise the strategic case to meet U.S. needs while serving Canadian interests.

***"Anxiety knows no political boundary. Many Canadians are also concerned about their own growing income inequality, job loss, and employment uncertainty. One would be misguided to develop a strategy based on a simplistic assessment of U.S. voters this year."***

The incoming vice president is another critical entry point. He is emerging as a sound, stable and trusted voice in the new administration. As governor of Indiana, he was very active on trade and investment and will appreciate Indiana's role within the Canada-U.S. economic/trade context with its almost 190,000 Canada-dependent jobs and nearly \$12 billion in high-value exports to Canada.

We won't have a clear picture of the full range of cabinet choices, White House advisors and senior appointees for departments and agencies until the confirmation hearings in early 2017. The new Congress will be in place before the new president's inauguration on January 20.

International events and U.S. domestic developments will impact the administration's ability to focus on a consistent, constructive bilateral role with Canada, let alone on international issues of mutual interest. But the bilateral aspect is a long game and Canada must do the bigger job of keeping both players on track.

This requires Ottawa's diligence, patience and a clear-headed strategy. There will be early setbacks. Interminable softwood discussions have clearly demonstrated that some issues have no easy resolution. Canadian frustrations will increase on some subjects until Canadian and U.S. decision-makers get a sense of each other. Expect issues such as Buy

America to emerge in protectionist legislation on trade and domestic infrastructure initiatives; U.S. actions taken against others could readily sideswipe Canada.

The prime minister and the new president differ from each other in many ways. These differences must not be allowed to impede their ability to manage the relationship. This "newness" is an important opportunity for both to meet, to get to know each other, to test each other's mettle and to explore opportunities together.

In this period, Ottawa should continue to consider the potential impact of any proposed Canadian policy—foreign or domestic—that can be ill-perceived or misunderstood south of the 49th parallel. I am not suggesting that Ottawa be silent so much as strategic in the manner that it rolls out certain measures. Ottawa did an excellent job positioning the Canadian program for Syrian refugees. Confidence building measures can be critically important.

As other prime ministers have discovered, there are many "Pentagon pipsqueaks" who claim to speak for a party, for Congress or for the White House. This can be avoided and need not derail or taint bilateral efforts. Given the disparity between the character of the government of the day in Ottawa and that which is forming the new U.S. administration, Canada needs to devise the best calculus to work with Washington while promoting and protecting Canadian interests.

Trump trampled long-standing norms in his presidential campaign. Canada must identify the new points of contact with a larger-than-life President-elect and use them effectively to secure a relationship larger than both national leaders. **P**

*Paul Frazer is President of PD Frazer Associates in Washington. He advises corporate and public sector clients on Canada-U.S. cross-border issues. He is a former Canadian diplomat and served as Minister, Public Affairs at the Canadian Embassy in Washington, and at postings in Warsaw, Prague (as ambassador) and in New York. paul.frazer@pdfrazer.com*



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## Chance and Change

Robin V. Sears

*How could America transform from the country that elected Barack Obama president twice to the cauldron of resentment and enmity that produced Donald Trump's implausible success in November? Veteran political strategist Robin Sears weighs the events in question and attributes this American moment, at least in part, to the role of chance in history.*

**L**ike most Canadians, I grew up fascinated by America: its music, its movies, its wars, its politics. But overarching all that was our bemusement at its loud patriotism. As students, we would giggle at the idea of a Pledge of Allegiance every morning. The 40-foot Stars and Stripes on used car dealership flagpoles we'd see on road trips were similarly a source of teenage Canadian sneers.

Our sanctimony was always mixed with not a little envy. The existential crises that we grew up on in the 1970s, 80s and 90s in Canada were not something Americans would ever experience. We would blush at their inquiries about our ongoing constitutional navel-gazing.

They knew who they were; they were Americans.

How the world has changed.

Canadians now feel a collective pride in our achievements in the arts, tech, sports and on a global stage. We brag about our social tolerance. We are proud and nationalistic to a degree never seen before – even if still more quietly, and deferentially, than our American cousins.

We now watch with increasing anxiety as the nation closest to us, emotionally as well as geographically, appear to be ripping its society apart. First came the rage that followed 9/11, the ill-starred wars in Iraq and Afghanistan. Then the thinly veiled racism that Barack Obama's elections opened up. This year was capped by a massive increase in attention to police killing young black men, and assassins killing ambushed cops.

All this was taken to scary new levels by the peak of the 2016 US election cycle. The rhetoric and the rage may have been a return to the American political nativism and isolationism of generations ago. To most Canadians, it was unheard of and unacceptable. "What were Americans doing to themselves?" was the theme of many conversations on Canadian summer docks and fall campuses. Then the unthinkable happened and Donald Trump was elected president.

It is human nature to forget previous dark chapters as a way of keeping a positive gaze on future horizons. But, American optimism notwithstanding, human experience is neither a virtuous spiral upwards, nor as entirely circular as some religious zealots would claim. It is, frustratingly, too often merely a journey whose path is determined by mere chance.

If Joe Biden had been his opponent would Trump be president? If Hillary Clinton could have understood earlier and better the power of white working-class anger, could she have found the less than 200,000 votes in the right places she needed to win? The counterfactuals of alternative

**“ If Joe Biden had been his opponent would Trump be president? If Hillary Clinton could have understood earlier and better the power of white working-class anger, could she have found the less than 200,000 votes in the right places she needed to win? ”**

histories are sneered at by academics. They prefer the more determinist analysis of events, however improbable their claims of causality.

Legendary Cambridge scholar Aileen Kelly chose *The Discovery of Chance* as the title of her marvellous recently published book on the too-little respected Russian revolutionary and philosopher Alexander Herzen. Almost alone among thinkers of his era, Herzen rejected the teleological theory of history, the conviction that the human story had a goal, a driving narrative. He also rejected the upward advance of progress propounded most famously by Marx. For this, he was excoriated by former allies on both the right and left.

As Kelly observes, if only the world had not been so obsessed by such arrogant views of our place in the universe and our ability to manipulate events as we saw fit, we might have avoided much of the tragedy and bloodshed of the 20th century. At the same time, though, it would have consoled us more at times such as these, days of the election of foul-mouthed fools to high office. Donald Trump was neither inevitable nor is he predictive of a grim future. He is merely one more unfortunate proof of chance.

But as Herzen also wisely observes, chance has thousands of possible paths. There is no excuse for fatalism in accepting the reality of chance, therefore. There is, indeed, every reason to try to nudge history onto a higher and better path. Of course, every successful leader needs a strategic vision and an agenda but it is their ability to ride the changes that chance throws at them that determines their success.

By chance, equipment failure killed a helicopter on a dangerous mission and nearly killed the Carter presidency as a result. By chance, pilot error killed a helicopter on a later dangerous mission, but partly due to lessons learned a generation earlier, the mission resulted in the killing of Osama bin Laden and boosting Obama's presidency as a result.

The greatest leaders are always the best opportunists, not merely the greatest strategic thinkers.

In 1941, Winston Churchill knew he needed to change the American military's strategic conception and sense of urgency about the war ahead. He judged correctly that there was lingering doubt among the generals about FDR's secret war agenda. So, in response to a casual suggestion from FDR that they should meet soon; in defiance of his wife, his cabinet, and his own military leaders, he sailed across the Atlantic, inviting himself to spend nearly three weeks at the White House for Christmas. All were terrified he might get killed by a U-boat crossing the wintry North Atlantic.

He inveigled his way into every high-level meeting, irritating the U.S. brass repeatedly with his insistent interventions. He kept FDR up late drinking and plotting. He drove Eleanor Roosevelt to distraction roaming the White House halls in the middle of the night in his pajamas, in search of another nightcap.

Churchill's war strategy had one central pillar: get the U.S. committed early, heavily and irreversibly. He leapt on a chance to move it forward decisively, seized it, and single-handedly transformed the U.S./U.K. strategic relationship that very dark Christmas of 1940.



Now, this new insurgent president, unthinkable a year ago, is famous for bragging about his deal-making, his skill at seizing chance and opportunity. He is meanwhile being challenged by all the institutions of the American republic not to undo generations of work in foreign policy, economic policy and the building of a socially tolerant American society. They are all seized of the importance of nudging their new president away from some of his more astonishing promised follies, with some early signs of success. Few put the chance of complete success in avoiding pratfalls very high. Others doubt his real skill at negotiations when the deck isn't loaded. We shall see.

Marx was right in his analysis of the political consequences of poverty and political despair. They are inevitably destabilizing of every society, especially in the face of rising and flagrantly displayed wealth on the part of the few—and in a state whose muscle seems devoted to protecting the one per cent. He misjudged how identity politics and ethnic nationalism could be used to take that desperation to the right, however. Trump did not.

**S**o, now what?

A healing process is urgent and essential, as further division may generate more violence and scars that would take a generation to heal. Sadly, it is hard to see any credible leaders deeply committed to the reconciliation process that healing requires. Harder still to see what their hook as a motivational message might be.

The curse of race that has afflicted American history since its creation seems to be on one of its cyclical rises to more violence and more heartbreak. The will to walk the dangerously narrow path to sanity on immigration reform seems astonishingly absent. Perhaps the only policy avenue that might throw a line across the cultural chasm is direct economic assistance to those hardest hit by the near-stagnation in American wages in the last two decades.

The \$15 minimum wage is an essential—it would have an instant impact on the lives of millions of Americans, and pump significant spending power into the entire economy. A second high-impact political signal would be to wipe out tax scams like 'carried interest.' It is a hard fiddle to understand, except when you explain that it costs billions in lost tax revenue and it means that hedge fund managers can pay lower taxes on the bulk of their income than Walmart employees do on their overtime pay.

In the short term, before the next U.S. mid-term elections in 2018, real improvement in the public services that make a difference in working families' lives will need to be visible: transit, road and bridge renewal; school, hospital and Veterans' Affairs facilities and services. The crisis in community safety and relations between African Americans and the police will need to have seen progress as well.

**N**one of this is rocket science in policy or political terms.

As Michael Adams and others have amply demonstrated in recent years, Canada is a country whose values are becoming more broadly and deeply shared, across all communities and generations. America however, appears to be moving in the opposite direction. With the benefit of strong national standards in law, health and education, the diversity in Canadian values is narrowing, while, paradoxically, Canadians have never been more ethnically diverse. It is a triumph of the host culture's power in integrating newcomers—but it is a success, perhaps, that it is not infinitely elastic.

Trump's America must now struggle with how to regenerate and raise the level of shared respect for differing values, and how to lower the temperature of political rhetoric while raising the expected standards for that dialogue. It will not be easy because it will require a suspension of disbelief on the part of wounded partisans on all sides, an unwavering leadership

discipline that enforces those expectations, and some early proofs that it can deliver benefits—on both sides of the divide.

**“Canada is a country whose values are becoming more broadly and deeply shared, across all communities and generations. America however, appears to be moving in the opposite direction.”**

Americans need a leader to help them to recapture that unconditional patriotism about which Canadians were a little envious a generation ago. A shared conviction that did not come in blue or in red, one that was indivisible. A leader like Obama, ironically, would be ideal for the task.

Here he is in conversation with *New Yorker* editor David Remnick, recounting what he said to his daughters about the Trump upheaval: “What I say to them is that people are complicated...This is not mathematics, this is chemistry and biology...and it's messy...And you should anticipate that at any given moment there may be flare-ups of bigotry that you may have to confront or [they] may be inside you and [you] have to vanquish [them]...You don't get into a fetal position. You don't start worrying about the apocalypse. You say, okay, where are the places where I can push to keep it moving forward.”

In other words, perhaps, there will be change—and some of it may be unpleasant—but despair is not an answer. **P**

*Contributing Writer Robin V. Sears, a former national director of the NDP, is a principal of Earncliffe Strategy Group. [robin@earncliffe.ca](mailto:robin@earncliffe.ca)*



Column / Lisa Van Dusen

## Trump's Doctrine of Unpredictability

Donald Trump is arguably the least Canadian president of the United States since the president before Barack Obama, who has been the most Canadian American president since Raymond Massey played Lincoln.

Obama was more popular among Canadians than our own leaders were during his eight years in office and more popular here than there largely because he was what we like to think of ourselves as, whether we always are or not: Cool, worldly and unflappable. He had a beer summit.

It's hard to find anything that Canadian about Donald Trump. Unlike most Canadian tourists, the time he spends in Trump Tower is, presumably, un-ironic. He has much more money than most of us would really want or know what to do with. He only ever apologizes under duress.

If national leaders represent different aspects of stereotypical national character, Donald Trump represents an American stereotype I never really bought into even before I lived in the U.S. for 13 years: brash, belligerent, xenophobic and omnivorous.

In diplomatic terms, Mr. Trump's personality, especially the un-chartable, reality-show version on display during the campaign, has spawned a new form of Kremlinology among bilateral relations experts that includes the parsing of 3 a.m. tweets and, quite possibly, the binge-watching of multiple seasons of a game show whose contestants included Gary Busey and Boy George for clues as to where he might stand on the perpetually intractable softwood lumber dispute or Arctic sovereignty.

Is there a Trump doctrine? Do doctrines matter in a post-truth universe (an asinine concept that only serves the purveyors of lies by legitimizing the notion that truth can be obsolete, like an iPhone 4)? Maybe Henry Kissinger, who met with Mr. Trump this week to de-brief on the option-multiplying China-Taiwan reset, would describe the Trump doctrine as an adaptation of his famous quote about enemies: "There is no truth, only interests."

Mr. Trump is a practitioner of tactical unpredictability. From the moment on June 16, 2015 when he rode down that escalator and declared his candidacy for the Republican presidential nomination by calling Mexicans murderers and rapists before proceeding to win the Republican presidential nomination despite such behavior, he has both contributed to and benefited from the radical recalibration of our collective suspension of disbelief.

This allows Mr. Trump to meet with famous environmentalists with a straight face the day before appointing a climate change denier to head the Environmental Protection Agency because he has conditioned the shock out of us over months of flagrant contradictions, incendiary tweets, flamboyant threats and double-denial denials that make the pre-Trumpian political convention of post-misspeaking clarification seem like an overweening bit from the 90s SNL duo the British Fops.

There has been speculation that it's a 21st-century version of Richard Nixon's madman theory that having foreign leaders think he was volatile gave him an advantage, expanded

to include a domestic audience and turbocharged by Twitter. Nothing Trump can do now would surprise us, which is wildly uncharted presidential territory and more than a little unsettling as an unprecedented source of power.

It allowed him to plausibly flout decades of established U.S. foreign policy with the Taiwan overture just as it will allow him to plausibly acquiesce to China on another file when the time comes. He has already normalized the abnormal, which gives him a license to act in a vacuum of rational expectation.

The Trump administration's Canadian interlocutors can adopt one of two postures in the face of this surreal reality. They can function from the premise that behaviour that can't be predicted based on any of the traditional metrics is impossible to approach strategically and therefore we should just close our embassy in Washington.

Or, they can energetically cultivate Vice President Mike Pence as a Trump whisperer, spend a lot more time on Capitol Hill and find new ways to love governors. Either way, it likely won't be like anything they've lived through before, including sleeping with an elephant. **P**

*Lisa Van Dusen, associate editor of Policy, was a Washington columnist for The Ottawa Citizen, US and foreign affairs columnist for Sun Media and international news writer for Peter Jennings at ABC World News Tonight as well as an editor at AP in New York and UPI in Washington. She is now also a deputy news editor at iPolitics. [livddc@policymagazine.ca](mailto:livddc@policymagazine.ca)*

# Clean Energy in America: Too Good a Deal for Trump to Pass Up

Dan Woynillowicz and Merran Smith

*While Donald Trump has tempered his rhetoric on climate change since the election campaign, it remains unclear exactly where his energy policy will fall in the range between climate denial and climate change leadership. Clean Energy Canada's Dan Woynillowicz and Merran Smith argue that Trump, being a businessman, will look at both the numbers of a U.S. energy economy that has changed drastically under Barack Obama and the political realities of the issue and do the pragmatic thing.*

In the days following the election that will put Donald Trump in the White House, media coverage about the prospects for America's clean energy sector read like an obituary.

After all, President-elect Trump had promised to resurrect the moribund

American coal industry—putting an end to the “war on coal”—and he had little good to say about renewable energy. In fact, his most substantive position on clean energy was his opposition to an offshore wind farm that would be visible from his seaside golf resort in Aberdeen, Scotland.

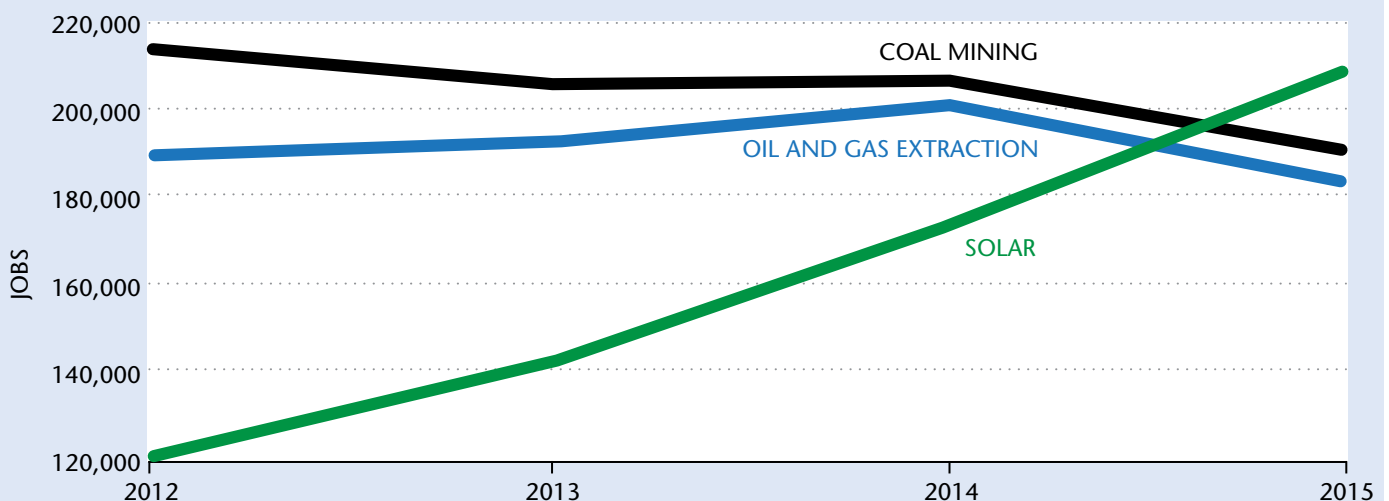
If that wasn't grim enough, Trump had claimed that climate change was a hoax concocted by the Chinese, and campaigned on pulling the United States out of the Paris climate agreement. Often put forward as a key solution to climate change, renewable energy might be trying to fix something he just doesn't believe is a problem.

Trump's perceived ambivalence—if not hostility—towards renewable energy, sent stock prices for clean energy companies spiraling following the election.

Then, in a November 22 interview with *The New York Times*, Trump left the door open for a climate policy less unequivocal than his campaign pronouncements telegraphed.

“I have a very open mind,” Trump told the gathering of the paper's reporters, editors and columnists. “And

Figure 1: There are More Jobs in Solar than Oil and Gas, and Coal Extraction in the U.S.



Sources: International Renewable Energy Agency, U.S. Bureau of Statistics



I'm going to study a lot of the things that happened on it and we're going to look at it very carefully. But I have an open mind." And, on Dec. 5, Trump held an unscheduled meeting with former Vice President and climate change policy activist Al Gore.

The answer to whether a Trump presidency will spell the end of progressive energy policy in the U.S. isn't as clear as you might think, both for political and economic reasons.

The reality is that the politics of clean energy aren't as partisan as many people presume. To the contrary, clean energy seems to be the only form of energy production that has successfully transcended partisan politics in the United States.

While it may come as a surprise, Trump's supporters strongly support renewable energy. A survey conducted by Public Opinion Strategies, a Republican pollster, days after the election found that three-quarters of Trump voters support "action to accelerate the development and use of clean energy." A majority of Trump voters want to see—in order of preference—more emphasis on solar (61 per cent), hydropower (56 per cent), wind and natural gas (tied at 52 per cent). Coal clocked in with only 38 per cent support. This preference was evidenced on election night in Florida where, at the same time Floridians delivered their support to Trump, they voted to maintain unlimited opportunities for the expansion of rooftop solar.

While the media—and liberals—have often made the case for clean energy by invoking its role as a solution to climate change, it has numerous other attributes that significantly broaden its base of support. Things like the public health benefits of cutting back on coal-fired power, energy security, and technological innovation that is creating new business opportunities and new jobs.

A bipartisan base of support has enabled clean energy to benefit from

**“The advanced energy market in the U.S.—comprised of renewable energy, building efficiency, electric vehicles, energy storage and cleantech manufacturing—is valued at US\$200 billion, according to Advanced Energy Economy.”**

support federally, not just from the White House but from Congress, too. In December 2015, a Republican-led Congress passed an extension of the tax credits that have done much to bolster the growth of wind and solar. While some commentators have suggested that Trump will revoke these credits as part of his bid to stimulate coal-fired power, revoking them would require a serious—and controversial—legislative effort.

Rolling back these credits wouldn't just be controversial among Democrats, but also with numerous Republican lawmakers who have renewable energy manufacturing and development in their states—lawmakers like Republican Senator Chuck Grassley of Iowa—a powerful member of the Senate Finance Committee—who said last summer: "If he wants to do away with it, he'll have to get a bill through Congress, and he'll do it over my dead body."

He won't be the only Republican pushing back: looking across the country—and the electoral map—the top 10 wind-energy producing congressional districts are represented by Republicans.

Clearly, President Trump will find that the politics of boosting coal at the expense of renewable energy aren't nearly as simple as candidate Trump may have thought. And that doesn't just apply inside the Beltway. As in Canada, the U.S. federal government has relatively limited authority to make decisions about electricity, which is largely the purview of the states.

Looking across the American map, both blue states and red states have been big boosters of clean energy: 29

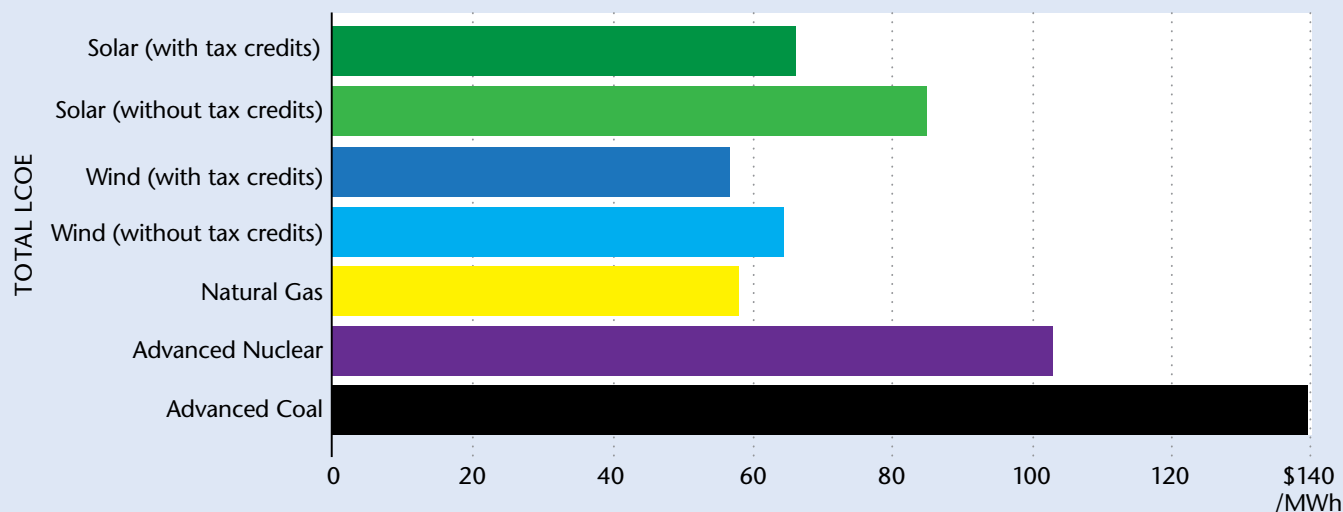
states have renewable portfolio standards, which mandate that a growing proportion of electricity come from renewable sources. The top five states in terms of proportion of electricity generated by wind are all red states, led by Republican governors. Ditto North Carolina, which trails only California in the development of new solar projects.

When it comes to total wind power capacity, many people are surprised to learn that Texas leads the way by a long-shot. More surprising still is that it was none other than former Governor (and subsequently President) George W. Bush who first passed state legislation requiring Texas utilities to produce renewable power. Subsequent Republican governors in Texas have carried this effort forward, increasing those requirements over time and driving investment in transmission infrastructure to bring power from its windy plains to its big cities.

But whether clean energy continues to boom in the U.S. isn't just a function of politics. It's also about economics. The Obama administration's "All of the Above" energy policy included major clean energy incentives and investments that have transformed the U.S. energy landscape, beginning with the \$90 billion allotted to clean energy investment in the post-financial crisis American Recovery and Reinvestment Act of 2009. Among other changes, since President Obama took office, the U.S. has increased solar electricity generation by more than twenty-fold, and tripled electricity production from wind power.

The advanced energy market in the U.S.—comprised of renewable energy,

Figure 2: Total Levelized Cost of Energy in the United States (2022)



Source: U.S. Energy Information Administration

building efficiency, electric vehicles, energy storage and cleantech manufacturing—is valued at US\$200 billion, according to Advanced Energy Economy. And per Bloomberg New Energy Finance, the U.S. saw US\$56 billion in clean energy investment—second only to China—in 2015.

That kind of investment creates a lot of jobs: almost 210,000 Americans are now employed in the solar industry, a doubling over 2010 figures. In fact, since 2009 the solar industry has created one out of every 80 jobs in the United States. The Bureau of Labour notes that wind turbine technician is the fastest growing occupation in the country, and 88,000 people are employed in the wind energy sector. Based on growth projections, these sectors are just getting started: it's estimated that the solar industry could employ 420,000 people by 2020, and the wind industry could employ 380,000 by 2030. These aren't small numbers.

Would Trump want to put these good jobs—and potential for further job growth—in jeopardy? It's doubtful.

Looking at dollars and cents—and customers' wallets—it's also worth highlighting that the unsubsidized cost of wind and solar just keeps

falling, down 61 and 82 per cent respectively, between 2009 and 2015. As these technologies continue to scale—and improve through continued innovation—the costs are projected to keep falling. The result? Wind power is already cost competitive with natural gas, and solar is well on its way—outcompeting natural gas isn't far off.

**“Based on growth projections, these sectors are just getting started: it's estimated that the solar industry could employ 420,000 people by 2020, and the wind industry could employ 380,000 by 2030. These aren't small numbers.”**

This competitiveness is one of the major reasons so many major American companies—including Google, Walmart, Dow Chemical, Amazon and Microsoft—are committing to renewable energy and signing big contracts for wind and solar. As Walmart likes to say, “watch out for falling prices.”

With hundreds of state-level policies that aren't going to disappear, hundreds of thousands of jobs (and the potential for many more), increasing cost competitiveness and market demand, it's clear that significant investment in clean energy is poised to continue—with or without President Trump's support.

While most people—and the stock markets—seem to think Trump will be bad for clean energy's prospects in the United States, that gloomy outlook seems unfounded. If we learned anything from the campaign, it was that we should expect the unexpected.

If President Trump is as good a businessman and politician as he believes he is, the odds are clean energy will actually do just fine. For the author of *The Art of the Deal*, clean energy offers a deal too good to pass up. **P**

*Dan Woynillowicz is Policy Director of Clean Energy Canada at Simon Fraser University. [dan@cleanenergycanada.org](mailto:dan@cleanenergycanada.org)*

*Merran Smith is Executive Director of Clean Energy Canada and serves on the board of the Canadian Climate Forum. [merran@cleanenergycanada.org](mailto:merran@cleanenergycanada.org)*



Column / Don Newman

## Sorry for Getting It Right

I am sorry. I was right. In the September-October edition of *Policy* I outlined how Donald Trump planned to win the presidency of the United States.

As the results came in on the night of November 8, it turned out that he had followed the blueprint I had outlined, captured the industrial “rust belt” states around the Great Lakes and won.

I admit, I watched the returns with mixed emotions. Satisfied that I had correctly seen how the race would unfold, but shocked that the Americans had elected as their president a liar, a misogynist, racist, bigot, tax evader with a temper, little curiosity and a short attention span.

As well, Trump has no experience in government or governing, no military experience and no interest in public policy.

Now, Trump is setting off on a four-year mandate to lead the United States, and by extension, the free world. Some optimists have tried to equate Trump’s victory over Hillary Clinton with Ronald Reagan’s defeat of Jimmy Carter in 1980. After all, Reagan turned out to be, by many estimations, the best president of the second half of the 20th century.

As comforting as that comparison would be, it is inaccurate. When he defeated Carter, Reagan had already been governor of California for two terms. True, he had been a movie actor for much of his career, but he had acquired governing experience in the biggest state of the union, with a population slightly larger than all of Canada.

Even more important, while Reagan’s

reputation was that he didn’t like to concern himself with details, that turned out to be his greatest strength. Carter was a one-term President, and when he was defeated and Reagan came to office, the new president wisely staffed much of his administration with people who had served quite recently in government in the administrations of Richard Nixon and Gerald Ford. People like George Schultz, Casper Weinberger, Jim Baker and quite a few others knew the files, knew how government worked and knew how to deal with Congress.

By and large, Trump’s cabinet is populated by people like himself; wealthy business people with no government experience, no foreign or domestic policy experience and little indication that they have much interest in either. We are about to see how that turns out.

While we get ready for whatever comes from President Trump, it is almost certain to continue what has become a very unpleasant trend. His election capped the most crude, divisive and unaccountable campaign in American history. Trump remains so unaccountable that instead of meeting with reporters as candidates have always done in the past, Trump just sends out tweets on Twitter commenting on whatever crosses his mind.

Journalists will now have to come to terms with how they deal with this development. So far, fact checking by major media organizations doesn’t seem to have done much good. In an era where the Oxford dictionaries now recognize “post-truth” as a word, people seem to disregard anything that does not conform with their own

prejudices and believe instead information that confirms their biases.

Trump’s improbable claim that he would bring back industrial manufacturing jobs certainly motivated white unemployed blue collar workers in winning margins in both 2008 and 2012 but this time ensured Trump’s victory.

But the lack of support from black Americans who traditionally vote Democratic and twice elected the first black president was also a big factor in Clinton’s loss.

Clinton lost Michigan by a slim 12,000 votes. In this election in Wayne County, which encompasses Detroit and is almost all black, 78,000 fewer people voted than in 2012. If only 13,000 of the stay-at-homes had voted, Clinton, not Trump, would have won the state.

In Wisconsin, Clinton lost the state by 27,000 votes. In the state’s big city, Milwaukee, which is majority black, 39,000 fewer people voted than did in 2012 for Barack Obama. It is a fair guess that there as well most of the non-voters this time were black.

Trump had claimed during the campaign that black Americans would vote for him because they had nothing to lose. They didn’t vote for him. But by enough of them not voting at all it turns out that they did have something to lose. And so did everybody else. **P**

*Don Newman is Senior Counsel at Navigator Ltd. and Ensign Canada, Chairman of Canada 2020 and a lifetime member of the Canadian Parliamentary Press Gallery.*  
[donnewman.dnn@bell.net](mailto:donnewman.dnn@bell.net)





A piper at the beginning of the state memorial for Jim Prentice in Calgary on October 28. Three former prime ministers attended, as did five sitting provincial premiers. Photo courtesy Government of Alberta Protocol Office

# Jim Prentice: A Deputy Minister's Appreciation

Richard Dicerni

On September 15, 2014 Jim Prentice was sworn in as Alberta's 16th premier. The previous year, in a convocation address to the graduating class at the Alberta School of Business, he had urged the students to be bold. "Serve your community and your country," he had said. "Make your family and your nation proud." He had taken his own advice and returned to public service.

In the weeks preceding his swearing in, he had reached out to me asking if I would consider the post of deputy minister of the Executive Council of Alberta. After a few discussions, I accepted.

Thus began the renewal of a politician-bureaucrat relationship that had been established when I was his deputy minister at Industry Canada in 2007.

In one of our early meetings in the fall of 2014, he set out his major objectives for the province: the need to ensure meaningful sustainable development; the priority of getting product to tidewater; the importance of forging on a number of fronts a new relationship with the First Nations and the goal of economic diversification. We discussed in particular his objective of rebuilding a public service that had become demoralized and less effective than it could be. He referenced

the Lougheed years, during which the senior echelons of the Alberta government were meaningful partners with the body politic and were thought leaders in public policy across the country. He emphasized that he wanted a professional public service where truth could be spoken to power without fear of retribution or permanent career damage. One of his first actions as premier was to communicate this vision directly to the top 250 officials of the government.

Looking back, I always thought Jim Prentice would have been a superb deputy minister and, on some days, he may have preferred it to the job of minister or premier.

But he had chosen a different path—a more difficult and more demanding one. He wanted to contribute to the public good of his province and his country; he wanted to make a difference in the lives and hopes of people; he wanted to leave a legacy of which people would say, “He has improved on what he inherited”. He had chosen to be a politician.

**F**ew Canadians appreciate how demanding and taxing the life of a political leader is. Few Canadians are aware of the number of birthday parties or special anniversaries that get missed, the number of family vacations that get messed up because “duty calls”. Few Canadians have a sense of the toll that political life takes on spouses and children of political leaders. Few Canadians understand the physical hardships involved in flying and or driving the five, six or more hours it takes to get to the riding from Ottawa. Political life has many rewards but it also has significant demands and travails.

Fortunately, Jim Prentice was always supported—personally and professionally—by Karen, without whom he could not have pursued his goals and his dreams. She was his best friend, his wife, his partner and the love of his life. Senior leadership positions in public service often extract more in the short term than they give back. In order to be successful and to survive in public life, one needs to be in love and loved. Jim and Karen Prentice were.

Jim Prentice, between January 2006 and November 2010, held three senior ministerial portfolios: he was minister of Indian and Northern Affairs, minister of Industry and minister of the Environment. Michael Wernick, who was Jim’s deputy minister at INAC and who is now clerk of the Privy Council, summed it up best in a note he sent to all federal public servants upon learning of the tragic death of his former boss:

“He was the kind of Minister public servants love to work for—smart, tough-minded, decisive and unfailingly respectful and warm in his interactions with us.”

**“ He emphasized that he wanted a professional public service where truth could be spoken to power without fear of retribution or permanent career damage. ”**

Jim Prentice was not just a good minister; he was an exceptional one. He always kept his eye on the broad strategic objectives without losing sight of the required political exigencies of the short term. The ultimate compliment in the senior bureaucracy about a minister: he could take a brief.

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**H**is first cabinet assignment was Indian and Northern Affairs. The early days were turbulent, dominated by the crisis at Caledonia, Ontario, and the repercussions of the government’s decision not to implement the Kelowna Accord. Michael Wernick, his former deputy minister, recalls that Prentice was determined to tackle the legacy of history that was impeding a new relationship and brighter future with First Nations. He persuaded his cabinet colleagues to implement the tentative agreement to end the class actions by former students of residential schools. He secured cabinet approval for what became the Specific Claims Tribunal to bring resolution to hundreds of historic grievances around moneys and lands. He intro-

duced legislation to give First Nations individuals, particularly those living on reserve, access to the full protections of the Canadian Human Rights Act and launched consultations that ultimately led to legislation that gave First Nations women, for the first time, strong legal protection of their matrimonial property rights. Starting with a very early appearance at the 2006 Assembly of First Nations convention, he quickly earned respect as a candid and respectful interlocutor, who was determined to find common ground and put the country on a path to healing and progress.

In August 2007, he was appointed minister of Industry, where he worked with the captains of industry, especially in the aerospace and automobile sectors, to enhance Canada’s industrial footprint. He launched the first-ever auction for cell phone spectrum with a view to enhancing choice for consumers. He was the first minister to use section 20 of the Investment Canada Act to reject a proposed foreign acquisition of a major Canadian company because he did not believe it met the net benefit test. He was a champion of industry but also a defender of consumers.

In the fall of 2008, he was moved to the Environment portfolio. Even though he was disappointed at leaving Industry, given the key linkages he had established and the challenges facing Canada in the midst of the Great Recession, he took on his new portfolio with focus and determination. He challenged his deputy, Paul Boothe, to do what was necessary “to make Environment Canada a world class regulator”. During his time at Environment Canada, he initiated a national policy to phase out coal-fired electricity plants, led a federal-provincial approach to improve the treatment of waste water, and significantly expanded the national





Jim and Karen Prentice with their three daughters, two sons-in-law and grandchild. As Richard Dicerni writes, Karen was the great love of Jim's life and his family was the centre of it. Photo courtesy of the Prentice family

parks system. Despite the reluctance in some quarters, he reached out to David Suzuki. They visited the legendary archipelago, the Haida Gwaii, off the coast of B.C. and then toured together for a couple of days the newly designated Gwaii Haanas National Marine Conservation Area.

**J**im Prentice will be remembered not only for what he did but also for how he sought to do it and for why he did it.

He was a political leader who always sought to grow the center, to broaden the coalition both in the formulation and the implementation of policies.

He was as comfortable in the boardrooms of corporate Canada as he was in the meeting rooms of Treaty 6 Nations. He could engage the CEO of Boeing as well as the minister of the environment from Italy. His extraordinary intellectual bandwidth, coupled with his easygoing interpersonal style, permitted him to listen to a cross-section of points of view, to broaden the circle, to enhance the coalition in support of the best path forward. Jim Prentice knew how to listen to and talk with university presidents, local and national indigenous leaders, CEOs, union leaders,

fellow premiers and ministers.

Public policy generally, and politics specifically, are much more complex in 2016 than when Jim Prentice started his political career. Social media and the excessive focus on short-term issues have made governing more challenging and subject to multiple contrarian winds simultaneously. Against this challenging media landscape and throughout his political career, Jim Prentice was primarily guided by his own GPS: the public interest, doing the right thing, making things better. This principle was, time and again, evident when he had to make difficult decisions. One such moment was in October 2005, when he was one of three Conservative MPs who voted for same sex marriage. He felt strongly that it was the right thing to do.

Eric Prentice, Jim Prentice's father, was not keen on his only son becoming a politician. Partially to address his dad's concern and partially because it reflected his own values, Jim Prentice vowed that when he left political life, he would leave a name that was untarnished and respected.

The testimonials that poured in after his death underline the fact that Jim Prentice honoured the vow he

had made to his father. He proved that public service—politics—can be an honourable profession in which policies and ideas can be debated without compromising one's integrity and identity.

Jim was looking forward to reentering policy debates in Canada with the publication of his book *Triple Crown: Winning Canada's Energy Future*. He wanted to make another contribution to Canada. He was going to argue that the current energy policy is not working; that a new vision is needed for converting our nation's vast resources into a secure, prosperous and environmentally responsible future that will benefit all Canadians. He was also going to make the point that Canada had failed to craft fair and enduring partnerships with its indigenous people. In the weeks before he died, he was in the best shape of his life, having just delivered his suits to his tailor for them to be taken in.

**“ He proved that public service—politics—can be an honourable profession in which policies and ideas can be debated without compromising one's integrity and identity. ”**

Over our last dinner, we reminisced about our time in public service, talked about how proud we were of our children and about the hierarchy of important things in life. We settled on: health, love, friends and making a difference. Power did not made the cut. We ended the evening over one last glass of Italian red wine and concluded: *Carpe Diem*. **P**

*Richard Dicerni retired as Deputy Minister of the Executive Council of Alberta in April 2015, having served both Premier Prentice and Premier Rachel Notley.*



# Verbatim / Unlocking the Potential of Innovation

Sam Sebastian

*The third annual Canada 2020 conference in Ottawa in November 2016 focused on innovation. Google Canada General Manager Sam Sebastian delivered a thought-provoking closing keynote.*

For a company that's not old enough to legally drink in Ontario, Google has some deep Canadian roots. Fourteen years ago, Google chose Canada as the location of its first international office. We have steadily grown in Canada to nearly a thousand Googlers, with around 600 software engineers in Montreal and Waterloo.

While I've been at Google for over 10 years, I am what you would call a New Canadian. I've been in Toronto for two and a half years. And in this time, I have enjoyed a front row seat to a Canadian renaissance.

It seems not a day goes by when Canada is not topping some world ranking of cool: From the best cities for hip hop ... to the best home for hipsters (Mile End, Montreal). The New York Times even declared that the country that gave the world ice hockey, the snow blower and Labatt beer—is suddenly... hip.

The memes are true, people. This is Canada's moment. But here's the thing: This moment is about more than Canada being declared cool.

What's happening in Canada is much more profound.

When I try to explain this to my colleagues south of the border, I start with a 15-second geography lesson: Canada has the population of Cali-

fornia—spread out over a land mass nearly the size of Russia. Our economy, for years, was defined by what we could pull out of the ground. The biggest exporter of oil to America? That's Canada.

Vast geography. Loads of resources. These are facts that might shape a nation's destiny, if not its identity. But not Canada, not now.

To paraphrase our new Prime Minister, the world will know Canada for its resourcefulness, not its resources. Canada is no longer a place defined by the limits of our physical geography. Our future potential does not lie beneath Canadian bedrock—it is within our universities, incubators and our start-up communities.

And when it comes to innovation, unlocking that potential at global scale must be Canada's top priority.

But the question is, how?

As someone who is both new to this country and a veteran of the technology sector, I have three observations on innovation I want to share with you today. My hope, of course, is that they are particularly relevant as we define this moment together.

My first observation is that now is not the time for incremental thinking. Think big. Think exponential.

At Google we have something our co-founder, Larry Page, calls the "toothbrush test". And it's essentially a challenge we put to our engineers every day: build a product that everyone will use at least twice a day. Like a toothbrush.

“At Google we have something our co-founder, Larry Page, calls the “toothbrush test”. And it’s essentially a challenge we put to our engineers every day: build a product that everyone will use it at least twice a day. Like a toothbrush.”

This is not a small challenge. It demands our teams think big. To think globally. And Google now has seven products with over a billion users.

Now what does a software company's toothbrush test have to do with Canada?

Well, in the next 10 to 20 years, every Canadian company will be a technology company. From filmmaking to farming, there will be no exceptions. And every Canadian business will rely on software, hardware and connectivity to drive its business.

The implications are enormous and the possibilities even bigger.

Canada is home to 35 million people. But globally, there are just over 3 billion people who have Internet access. That number will nearly double in the next five years.



Google Canada General Manager Sam Sebastian on Canada's opportunities to become a leading innovation nation. Canada 2020 photo, Matthew Usherwood

**T**he opportunity to scale Canada beyond our borders has never been greater.

How many people here have heard of Manitobah Mukluks? They make traditional mukluks out of Winnipeg with techniques used by Canada's First Peoples. In 2012, after 15 years selling within Canada, the owners sought to expand to an international audience. They began experimenting with online marketing using Google AdWords. Today Manitobah Mukluks sells to over 45 countries through their online store, and over one third of their website visits come from outside Canada. Just last week, Trade Minister Chrystia Freeland gifted the EU trade commissioner with a pair of her very own at the CETA signing.

And, on the other end of the spectrum is the company they turned to for their e-commerce solution: Shopify. Based right here in Ottawa. We all know the story: 1,500 employees, 300,000 merchants in 150 countries.

These Shopify folks passed the toothbrush test.

Thinking at a global scale is not just for software companies and retailers.

If you haven't heard of Lilly Singh, your kids certainly have. Known as Superwoman, she's one of the world's biggest YouTube personalities, with 10 million subscribers to her channel. Lilly is from Scarborough—and it doesn't seem to matter if she's walking the streets of Toronto, Singapore or Mumbai. She's mobbed by fans everywhere she goes.

Lilly's story is one of this country's greatest export stories. A full 90 per cent of the audience for Canadian content on YouTube is from outside this country.

And technology is giving Canadian businesses, artists and creators the tools to think big and reach that global marketplace. But thinking big—thinking exponentially—faces a significant challenge in Canada.

While we're asking Canadian businesses to prepare for a moment where every company is conceivably a technology company, do we have the pipeline of talent in place to meet the demand?

The new fast-track work permit is a critical step forward in addressing the immediate need we're seeing across the technology sector in Canada. It will attract more talent, transfer more knowledge and ultimately create more jobs.

But in the long run, we need to think about nurturing Canada's next generation of technology builders.

We certainly have talent in Canada. Sixty per cent of Google's engineers in Kitchener are University of Waterloo grads. Another 20 per cent are from UofT. We have top notch talent from UBC, University of Alberta and McGill. We need to keep this talent in Canada—or we need to bring them back. But regardless, we are not turning out enough computer science graduates to keep up with demand. Fifty per cent of Canadians graduate with a senior STEM course yet 75 per cent of jobs require one.

Thankfully, our greatest resource to meet this challenge is walking through the classroom doors of our nation every morning wearing oversized Pokémon and Hello Kitty backpacks.

**“We are not turning out enough computer science graduates to keep up with demand. Fifty per cent of Canadians graduate with a senior STEM course yet 75 per cent of jobs require one.”**

I had an interesting conversation with one of our engineers not that long ago. I asked him when he knew he was going to pursue a career in computer science. He talked about the time he turned a Radio Shack circuit snap-kit into a rudimentary metal detector. He

also mentioned a Grade 7 physics class on electromagnetic fields. But looking back, there wasn't one moment that led him to pursue engineering and computer science as a career. Instead, it was dozens of small moments that gradually illuminated the vast potential of sciences and math.

Ninety-eight per cent of Google engineers had some level of exposure to computer science and technology before entering university. Many say it wasn't a single "aha" moment that inspired them to pursue their career path, but rather dozens of small moments that gradually illuminated the vast potential of sciences and math. Canadian children need more of these opportunities—particularly girls, indigenous students and other communities that are underrepresented in STEM (science, technology, engineering and math) fields.

That's why Google Canada partnered with Actua, a national STEM outreach organization, to develop the Codemakers program that is delivering over a million hours of coding workshops and camps in hopes of creating those critical moments of inspiration for 125 thousand Canadian children.

But these kinds of moments are only as good as our capacity to carry that momentum of inspiration into the classroom. I know Prime Minister Justin Trudeau has talked about the need for kids to understand the importance of coding. In England, computer science and computational thinking is already on the curriculum for primary and secondary school pupils. And it's encouraging to see that British Columbia and Nova Scotia are working to integrate computational thinking and coding into curricula starting in kindergarten right through to grade 12.

If we're serious about innovation in Canada, we may want to think about applying the metaphorical toothbrush test to what we're teaching Canada's next generation of workers. We need to recognize that computer science is not simply the language of ones and zeroes. It's the language of creativity,

entrepreneurship and Canada's future potential.

From our businesses, to our culture to our education: Canada needs to think exponential. That's my first observation as a New Canadian.

My second observation is that Canada needs to feed the winners.

Canada is home to technology leaders and companies that are scaling up and staying put. We are racking up the wins. It's time to own our success.

And part of owning success is feeding the winners.

By that, I mean investing in the places where innovation is happening. Vancouver, Calgary, Montreal, the Waterloo-Toronto Corridor. These are the clusters where—if you go looking—you're likely to find Canada's next billion dollar company.

And if we want to find even more of those billion dollar Canadian companies, we need to resource the infrastructure, accelerators and academic institutions that play such critical roles in fostering growth and creating these remarkable start-up communities.

Which brings me to my last observation.

Thinking big, thinking exponentially, owning success, feeding the winners—these are tactics employed in Silicon Valley and economies around the globe as they strive to innovate. While Canada has vast potential to exploit these approaches—they are not uniquely Canadian.

But we do have something up here in Canada that I have yet to see replicated elsewhere. It has a little something with who we are together.

Now, being Canadian means different things to different people. Maybe for a technology start-up, it means another hurdle for financing, or a pain in securing talent.

But, from the perspective of someone like myself who calls himself a new

Canadian, what we have here is exceptional. Outside Silicon Valley, the Toronto-Waterloo corridor represents the highest concentration of start-ups on the planet. But it's the sense of community and shared ambition that truly sets us apart.

With all the talk of building walls and Brexits over the past 12 months, Canada was making headlines for welcoming refugees with open arms. This spirit of openness and inclusion shapes not only our national identity, but also how we do business. Since I moved up here two years ago, I've seen it firsthand.

Last week in Toronto, Google Canada hosted an event called Go North. The aim was to convene Canada's start-up community, address the challenges they face and to celebrate their successes. Nearly 700 people from start-ups and technology companies from across Canada showed up.

And what made every start-up attending Go North different from their competitors in Tel Aviv, London, Berlin or Silicon Valley is where they've decided to build their company: the place we call home.

Canada needs to think big. We need to look at what's working and feed it accordingly. But when it comes to innovation, our shared sense of community may be Canada's greatest market differentiator.

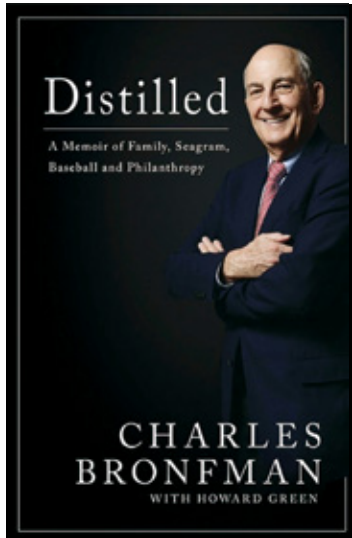
Steven Woods, who returned more than eight years ago from founding several successful start-ups in Silicon Valley to oversee Google Canada's engineering operations in Waterloo, describes what we have in this community as the equivalent of capturing lightning in a bottle.

Getting back to this idea of Canada's moment. This is what we're really talking about. Together, we've captured lightning in a bottle. And together, in this moment, we're going to use it to shape Canada's future. **P**

*Sam Sebastian is General Manager of Google Canada. Excerpted from an address to Canada 2020, Ottawa, November 4, 2016.*



# Book Reviews



## An Exceptionally Rich Life

Charles Bronfman,  
with Howard Green

*Distilled: A Memoir of Family, Seagram, Baseball and Philanthropy.*

Toronto, Harper Collins  
Canada, 2016.

Review by Anthony  
Wilson-Smith

The very rich, F. Scott Fitzgerald famously wrote, “are different from you and me. They possess and enjoy early, and it does something to them; makes them soft, where we are hard, cynical where we are trustful.” The very rich Charles Bronfman puts the lie to that. Here’s part of the opening paragraph of *Distilled*, his compelling memoir: “My life, like most people’s, has been a mixed bag—substantial achievements, serious disappointments; great loves, poor ones; various careers, some

exciting, others mundane, critical illnesses, wonderful health.”

So much, then, for the mystique around rich people: those emotions are familiar to many people. But then, Charles has never been interested in mystique or any other form of putting on airs. He’s far too grounded.

At an astonishingly youthful 85 years of age, Charles—he is always known simply by his first name to acquaintances—radiates contentment, good humour, and rare self-awareness. That he has attained such grace is good news, but no guarantee of an engaging read. What makes *Distilled* compelling is *how* he has done so. Co-written with the accomplished business journalist Howard Green—who does an exceptional job of drawing out Charles’ authentic voice—*Distilled* walks us through events that range from early struggles with anxiety and self-doubt through the triumphs and tragedies of his adulthood. Those have included a loving but uneven relationship with his older brother, Edgar; the sudden, shocking death of his beloved wife Andy; and the obliteration of billions of dollars of family wealth in business dealings he opposed from the outset. His high times and achievements include founding Canada’s first major-league baseball team; rubbing shoulders with the successive leaders of three countries (Canada, the United States, Israel); the focus on philanthropy that has touched several generations of young Canadians and Jews around the world and, by his own description, brought him his greatest joy.

His friendships straddle all walks and levels of life, and a cornerstone of his existence is his deep devotion to family, including his children and stepchildren, and a happy new marriage in 2012 to the former Rita Mayo.

Full disclosure: as president and CEO of Historica Canada, I have every reason to wish Charles good things. He is

a co-founder and active board member of our organization, and the creator of our iconic Heritage Minutes. I can attest to his generosity, devotion to Canada, warmth, wry humour—and deserved expectation that the money he gives will be spent carefully and with specific purpose. Before this job, I had also seen those qualities in evidence in my previous life as a journalist.

At one level, Charles’ life is unimaginable to most. He grew up in a 20-room mansion in Montreal, surrounded by servants; alternately comforted and buffeted by loving but complex relationships with his three siblings and parents; and isolated from relationships with most people outside the family.

“At one level, Charles’ life is unimaginable to most. He grew up in a 20-room mansion in Montreal, surrounded by servants; alternately comforted and buffeted by loving but complex relationships with his three siblings and parents; and isolated from relationships with most people outside the family.”

As a “skinny lad with big protruding ears”, he endured “double pneumonia at five, pneumonia again at nine, and streptococcus while in early adolescence” before arriving at the good health that persists to this day. Daunted by his demanding father Sam and the charismatic but domineering Edgar, he struggled against insecurities until his 30s.

His personal life has always revolved around family—albeit in different forms. His first marriage, in

1962, produced his children Stephen and Ellen. It ended in 1980, when he fell head over heels for Andy Morrison, whom he had known since he had served as an usher at her first wedding. They were together until January, 2006, when she left their Manhattan home one rainy morning to walk their dog, and was struck by a car and killed. Her death, he recalls, was “the nadir of my life [which] changed for me irrevocably on that morning.” After a period of deep depression, followed by a short, on-the-rebound third marriage, he married Rita, whom he had known for years, in 2012. She has, he says, “made me an extremely happy, calm person.”

His business career began slowly, with a low-key role in the family’s worldwide Seagram liquor business. Charles came of age in his late 30s as the founding owner of the Montreal Expos baseball team. The financial and personal gamble inherent in doing so thrust him into the public eye, gave him confidence and a high-profile business to call his own, and taught him that his instincts were good.

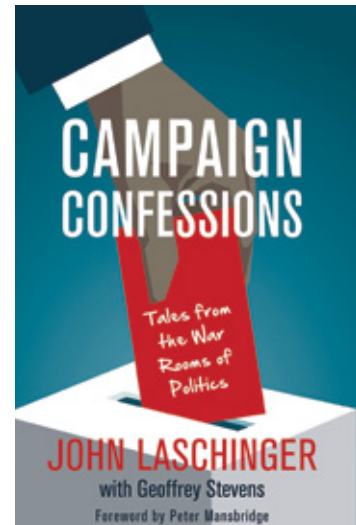
He would have done well to follow those instincts when it came to another defining occasion—the disastrous sale in 1995 of the money-spinning Dupont, in which Seagram was the biggest shareholder, followed by the purchase of the MCA entertainment company. That weakened Seagram’s financial position, and led to the sale of Seagram to France’s Vivendi. Those events cost the family, by various estimates, half to two thirds of its collective wealth. They also exposed festering divisions in the family, in particular between Edgar and Charles. The Seagram’s debacle began with Edgar’s unilateral decision to name his son, Edgar Jr., as his successor. He announced that without advising either the board of directors or Charles, who was vice-chair. Edgar Jr.’s infatuation with show business famously drove those calamitous deals. It all ended, Charles observes, “in disgrace, for everyone concerned—for the family, for me, for Edgar, for his son....” His anguish and frustrations with Edgar Sr. and anger with Edgar Jr., are obvious. As tough as Charles is on them, he is tougher on himself for not exercising the veto right he held. When it came

to big deals, he notes, “to some degree I had excluded myself and turned myself into a passive investor.”

But that debacle was followed by Charles turning his focus to the area for which he is best known: targeted philanthropy, which he calls “my greatest success.” He has disbursed more than \$325 million, and will eventually give away most of his remaining wealth. His areas of focus relate to “who I am—proudly Canadian (and proudly Jewish.” In the late 1990s, he pledged \$25 million to create the Historica Foundation (a co-founder of the present Historica). That was conditional on fellow enthusiast Lynton ‘Red’ Wilson getting the private sector to match those funds—as he did. The Minutes, of which there are more than 80, were born of his conviction that young Canadians lacked awareness of the ‘myths and legends’ that fuel national pride. His solution, 60-second vignettes that tell those stories, was an immediate and enduring hit. Last year, they were seen by more than 6 million people. His devotion to Jewish causes includes Birthright Israel, a program that allows young Jews to visit Israel for 10 days free of charge. To date, the program has registered more than 500,000 participants from more than 66 countries, and had a direct and indirect impact on the Israeli economy of a billion dollars over 15 years.

Some doubts and regrets about Charles’ life so far remain—especially around his tormented relationship with Edgar. But he concludes that their demanding father, Sam, correctly “sized us all up” in his views of his four children. In Charles’ case, Sam’s judgment was that “I would help burnish the family name.” His Dad, he proudly concludes, wasn’t wrong: “The kid who started out as a sickly, scrawny basket case has evolved into a contented, accomplished man with more friends than he can count.” He is all that—and all of us who are admirers are likely to feel even more so after reading this honest, enchanting, book. **P**

*Contributing Writer Anthony Wilson-Smith, former editor of Maclean’s, is president and CEO of Historica Canada. [awilson-smith@historicacanada.ca](mailto:awilson-smith@historicacanada.ca)*



## An Insider’s Guide to Campaigns

John Laschinger with Geoffrey Stevens

*Campaign Confessions: Tales from the War Rooms of Politics.* Toronto, Dundurn Press, 2016.

Review by Geoff Norquay

John Laschinger is one of a kind in Canadian politics. As Canada’s only full-time professional political campaign manager, “Lasch” has served as manager, director, senior strategist or advisor for 50 campaigns over the past 45 years.

Those campaigns constitute an impressive list: from John Crosbie’s losing federal PC leadership campaign in 1983 to Brian Peckford’s leadership and three successive provincial campaigns in Newfoundland and Labrador; from Don Getty’s winning leadership campaign in Alberta in 1985 to Olivia Chow’s unsuccessful mayoralty race in Toronto in 2014.

Distilling the insights from a lifetime spent in a process as complex as political campaigning requires some judgment and organization, and Laschinger and his co-writer, former *Globe and Mail* columnist Geoffrey Stevens, have solved this challenge admirably.

*Campaign Confessions* begins with two chapters that present Laschinger's principal thesis, that all political campaigns must address two essential issues—the desire for change and the management of expectations.

The balance of the book explores the basic subdivisions of political campaigning—candidate preparation, organization, public opinion research, vision, policy and values, the war room, social media, negative advertising, money and party discipline—with examples and anecdotes from the 50 campaigns presented as evidence and illustrations, as the “lessons learned” from both happy and painful experience.

On voters' attitudes towards change, Laschinger presents a common-sense rule of thumb:

“As long as the desire for change stays around the 50 percent level, it does not worry campaign managers for incumbents. When the number passes 60 and stays there, they know it is time to call in the movers and the document shredders.

“Once voters make up their minds that they want change, they typically express it in a decisive way—with a massive swing away from the incumbent and to the party or candidate that best represents the kind of change they want.”

If the desire for change and its impact on campaign outcomes are usually pretty obvious, managing the expectations of pollsters, pundits and the voting public is more subtle, Laschinger writes: “Politicians who meet or exceed expectations win elections; those who fail to measure up are the losers in election after election.”

In managing expectations, campaign managers face a host of risks and opportunities, including keeping the campaign on an even keel, avoiding overconfidence in front-runner campaigns and profound discouragement with long-shot candidates, and responding to mid-campaign events that can completely change the dynamics.

Laschinger quite rightly notes that the federal Liberal triumph in 2015 resulted from a huge desire for change and the

ability of Justin Trudeau to exceed the low expectations that plagued him—or perhaps blessed him—at the beginning of the campaign.

On the other hand, front-runners can lose momentum to changing expectations. When Rob Ford returned from rehab during the 2014 Toronto mayoralty campaign, his re-emergence undermined the advantage that Laschinger's candidate Olivia Chow had enjoyed as the pre-eminent anti-Ford candidate. That opened the door to John Tory as the non-Ford alternative who was not only a progressive but would keep municipal spending and costs down, and he subsequently cruised to victory. Chow was overtaken by events, while Tory had positioned himself perfectly.

In light of the recent election of Donald Trump as President of the United States, the chapter on negative advertising is both instructive and relevant. Laschinger begins the chapter with the delightfully unscientific observation of George Washington University political scientist John Sides that “Negative ads work, except when they don't.”

**“This is a superb book that should become the bible for anyone who finds themselves managing a political campaign for a school board, a municipal mayoralty, party leadership, provincial election or the House of Commons.”**

As experienced campaign practitioners know, effective negative ads must start with a believable premise and then be carefully balanced; a bit of humour can go a long way in softening the blow while reinforcing the barb.

Laschinger argues that “factual negative” ads work best because they “define your competition before the competition can define your candidate...they lay out questions that voters should want answered about a competitor so

that his or her positions can be compared to your candidate's positions.” He also notes the importance of checking negative ads with focus groups because they are the best way to ensure the right balance of tone has been achieved. What may make sense in the back room may be seen as over-the-top or far too personal or aggressive to the average voter.

On the famous “Just Not Ready/nice hair though” ad used by the Conservatives in 2015 election against Justin Trudeau, Laschinger notes the analysis of pollster Greg Lyle, whose research suggests the ad was very effective pre-writ and in the early part of the campaign, but lost its strength as the desire for change took over and Trudeau proved during the campaign that he was, actually, quite ready.

The book concludes with three pieces of sage and typically self-effacing advice from Laschinger on the essentials of successful campaign management:

- Associate yourself with quality candidates who have the desire to win regardless of their current standing in the polls;
- Use research wisely and widely to guide the campaign;
- Listen carefully and do not try to be the smartest person in the room.

This is a superb book that should become the bible for anyone who finds themselves managing a political campaign for a school board, a municipal mayoralty, party leadership, provincial election or the House of Commons. The insights are substantive and thoughtful and the examples instructive and to the point. Whether one is running the show or managing one of its component parts, there is a great deal of useful “how-to” here that describes what is important and what's not, the risks to manage, the pitfalls to avoid and the advantages to take in managing political campaigns. **P**

*Contributing Writer Geoff Norquay, an adviser to three Conservative prime ministers, is a principal of Earncliffe Strategy Group. [geoff@earncliffe.ca](mailto:geoff@earncliffe.ca)*



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