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From the Editor / L. Ian MacDonald

Democratic Reform

Welcome to our special issue on democratic reform, which promises to be a major agenda item in the 42nd Parliament.

For openers, there's the Liberals' repeated vow that the 2015 election would be the last to be held under the first-past-the-post voting system. Contributing Writer David Mitchell considers a menu of voting options, from some form of proportional representation to preferential voting to a single transferable vote. He also looks at the question of mandatory voting, as in Australia, as well as on-line voting. "An emerging generation of young Canadians," he writes, "seems intent on being able to exercise their democratic franchise in the same manner in which they now increasingly live: online."

Jennifer Smith, former chair of political science at Dalhousie, offers a spirited defence of the FPTP system, which, she asserts, has served Canada well for a century and a half. "Those who support a robust version of PR in the expectation that it will underpin progressive coalition governments forever," she writes, "had best be careful what they wish for."

Pollster Frank Graves of EKOS has done extensive research over the years on public trust in politicians and the political system. He finds that while trust reached historic lows under the Harper government, Canadians have a high degree of optimism for the new Trudeau government.

"Six in 10 Canadians hold a positive outlook on the health of democracy, which may reflect just how far basic barometers of trust in government and democracy had descended under Harper's watch," Graves writes. "What is remarkable about this indicator is how this newfound optimism is shared by Canadians of every region, gender, age group, and educational cohort." Asked about parliamentary

reform during the week the House was sitting in December, 41 per cent of Canadians told EKOS they preferred a form of PR, while 25 per cent preferred either FPTP or a preferential ballot.

Bruce Carson looks at the controversial Fair Elections Act and finds that measures designed by the Conservatives to suppress voter turnout "actually had the exact opposite effect as they galvanized both university students and Canada's indigenous population to obtain the identification required under the Act and vote in numbers never before seen in a federal election."

University of Ottawa professor and constitutional author Adam Dodek considers what to do about the Senate, beginning with Justin Trudeau's creation of an Independent Advisory Board to recommend non-partisan appointments by the PM. The larger challenge, Dodek writes, is that "the Senate is not an expert panel of independent, diverse voices, although it may serve this function at times, and serve it well. The Senate is a critical and constitutional part of the day-to-day process of legislating in Canada."

Conservative MP Michael Chong, author of the Reform Act, looks at several aspects of democratic reform, from the election of committee chairs to whether and a new parliamentary election system should be submitted to a referendum.

In our *Canada and the World* section, veteran diplomat Jeremy Kinsman looks at Trudeau's out-of-the-gate world tour. The new prime minister's first weeks in government featured a whirlwind of global summits and conferences. And not all of it was scripted. "At the G20," he writes, "terrorism in Paris launched a wide-ranging discussion of how to confront and defeat ISIL, while engaging the global refugee crisis, so aggravated by the seemingly intractable Syrian

civil war." Trudeau also used the G20, APEC and Commonwealth summits, as well as COP21 in Paris, as occasions to build his network with international leaders and to declare that "Canada is back" on the world stage.

Across the floor from the Liberals, the Conservatives now sit as the Opposition. Contributing Writer and long-time Conservative strategist Yaroslav Baran looks at the Tories after the fall, and considers their prospects for renewal. "The first tenet is that there are no quick fixes in politics," he writes. "Second, Parliament matters." The Conservatives "must take their Official Opposition role seriously and put in the work." And third, tone, which Rona Ambrose has already transformed with "sunny ways" of her own.

From Paris and COP21, Contributing Writer Velma McColl takes us through the marathon negotiation of 195 countries that finally led to the Paris Agreement on December 12. Green Party Leader Elizabeth May shares her thoughts on the climate change accord in a guest column from Paris.

We also offer three interesting business pieces in this issue. Barrick Gold President and CEO Kelvin Dushnisky shares his thoughts on his company's corporate makeover in response to the challenge of declining gold prices. Former CN vice-president Jean Patenaude looks at the unintended consequences of railway regulatory legislation. And CIBC President and CEO Victor Dodig writes that innovation is the key to growing the economy. "To put it simply," he writes, "innovators are all about finding new and better ways of creating value."

Finally, columnist Don Newman writes about last call at Hy's and the closing of an Ottawa institution, one where pols and journos alike checked their guns at the door. Cheers. **P**

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Conservative Leader Rona Ambrose and Prime Minister Justin Trudeau drag a supposedly reluctant Geoff Regan to the Speaker's chair after his election on December 3, the first day of sitting of the last Parliament to be elected by the first-past-the post system. Adam Scotti photo

Farewell, First-Past-the-Post?

David Mitchell

Among the most significant of Justin Trudeau's campaign promises, now the mandate of Minister of Democratic Institutions Maryam Mosef, is the plan to replace Canada's first-past-the-post electoral system. As policy veteran David Mitchell writes, reforming democracy can be one of the greatest tests of democracy. With the promise of a new system by 2019 now in the policy pipeline and his opponents demanding a referendum, will Trudeau be able to reform the very system that got him elected?

Governments are—and should be—judged by whether or not they keep their promises. Sure, there's usually a bit of wiggle room, especially when facts and circumstances change. Canada's new Liberal government has already adjusted the timeline for welcoming 25,000 Syrian refugees into the country, taking the time to get it right, and it appears they've mostly been forgiven for doing so.

The Trudeau government's ambitious agenda is built on hundreds of policy goals and promises. Spelled out in the Liberal election platform, these were

reinforced in ministers' mandate letters and, in some cases, re-articulated in the December Speech from the Throne.

Democratic reform is one of the major themes of the new government's to-do list. Some of these commitments relate to the style and approach of governing, such as strengthening the openness and fairness of public institutions, committing to transparent, merit-based appointments, and helping to ensure that women and minorities will be better represented in leadership positions.

More specific promises include bringing forward a new process for non-partisan Senate appointments; strengthening the independence of parliamentary committees and ending the inappropriate use of omnibus bills and prorogation. The Liberals have also vowed to reform question period so that all ministers, including the prime minister, are held to greater account.

But perhaps the government's most significant promise is the now oft-stated pledge that 2015 will be the last federal election conducted under the first-past-the-post voting system. Indeed, for many, this represents the holy grail of democratic reform. However, this promise will almost certainly be easier said than done.

The mandate letter for the Minister of Democratic Institutions Maryam Monsef establishes the goal as a top priority, charging her to: "Bring forward a proposal to establish a parliamentary committee to consult on electoral reform, including preferential ballots, proportional representation, mandatory voting and online voting."

The latter is likely inevitable. An emerging generation of young Canadians seems intent on being able to exercise their democratic franchise in the same manner that they now increasingly live: online.

Mandatory voting is a controversial proposition that appears to work in some jurisdictions, such as Australia. However, it's safe to assume that

“ Perhaps the government's most significant promise is the now oft-stated pledge that 2015 will be the last federal election conducted under the first-past-the-post voting system. Indeed, for many, this represents the holy grail of democratic reform. However, this promise will almost certainly be easier said than done. ”

opinions on this will be sharply divided in our country.

But some will ask why we should modify a voting system that has essentially served Canada since the country was founded.

The answer, for advocates of reform, is to make every vote count, ensure no voter feels they've "wasted" their ballot, and guarantee that all elected representatives—and all governments—have the clear support of a majority of voters.

“ An emerging generation of young Canadians seems intent on being able to exercise their democratic franchise in the same manner that they now increasingly live: online. ”

Our first-past-the-post voting system is both obviously flawed and also a misnomer. In fact, there is no post. The term actually refers to a horse race, where the winner is the first to reach the finish line, or post. When applied to democratic elections, it could more aptly be called the "winner-takes-all" system, where the candidate receiving the most votes, regardless of the percentage of total votes cast, is declared the victor. While increasingly archaic, this system is still used in a few large democracies such as the United States, the United Kingdom, India and Canada.

The primary argument for changing this system is to guarantee that elected rep-

resentatives and governments have actually received a mandate from a majority of voters. In a multi-party democracy such as Canada, this is the exception to the rule under our current system. While some members of parliament are elected with a majority of votes in their ridings, close and competitive races among several candidates allow most MPs to win election with much less than 50 percent support. This raises fears among voters of "splitting the ballot" and sometimes gives rise to strategic voting.

Likewise, political parties can and do form majority governments without winning a majority of the votes cast. Only two of the last 10 majority governments in Canada garnered more than 50 percent of the vote. In the most recent federal election, the Liberals won a majority of seats in the House of Commons with 39.5 percent of the vote.

This raises an interesting and important question: why would a government elected using the present system seek to replace it, especially when doing so carries a risk of uncertainty? In fact, this is one of the reasons why the status quo has prevailed for so long. And there's also another essential question: what change would demonstrably be for the better?

Several Canadian provinces have had lively discussions about electoral reform and in the last decade three have asked their citizens by referendum or plebiscite to consider new systems of voting. In Prince Edward Island (2005), British Columbia (2005 and 2009) and Ontario (2007), voters failed to approve proposals for reform. In each case, a very high "super-majority" of 60 percent was

required to approve the change, the argument being that it shouldn't be either simple or easy to reform something as fundamental to democracy as the way we vote. It should be noted that the B.C. 2005 referendum almost met that perhaps unreasonably high threshold, with 57 percent voting in favour of change.

The provincial experience suggests that if the new federal government wanted to kill its own promise for action on this file, it could simply give in to those critics—including Conservative Interim Leader Rona Ambrose—who suggest that a national referendum should be required to approve any significant changes to the way Canadians vote. Instead, the Prime Minister has proposed an all-party committee that would bring forward a recommendation for change within 18 months, ensuring that the next federal election in 2019 features a new system.

“ Why would a government elected using the present system seek to replace it, especially when doing so carries a risk of uncertainty? In fact, this is one of the reasons why the status quo has prevailed for so long. And there's also another essential question: what change would demonstrably be for the better? ”

It also seems clear that the committee will be looking at two basic options: preferential ballots and proportional representation. These two systems, in various permutations, are currently in use in many democratic countries. Reform purists are strongly in favour of proportionality, where a party's parliamentary seats are aligned with their percentage of the vote. Preferential voting

asks voters to rank candidates on the ballot. If no candidate wins a majority of first choices, the last-place candidate is dropped off the ballot and those votes are distributed based on second choices. The process continues until one candidate achieves more than 50 percent support.

“ It also seems clear that the committee will be looking at two basic options: preferential ballots and proportional representation. These two systems, in various permutations, are currently in use in many democratic countries. ”

Both systems would represent a significant departure from the current one. Both may also make it difficult to elect majority governments on a consistent basis. The most important change would likely take the form of radically different approaches to campaigning during elections, where cooperation and alliances among parties would take precedence over personal attacks and negative advertising.

A cautionary note: it may be instructive to reflect on the only time in Canadian political history that a reform of this magnitude was actually implemented. In B.C. in the early 1950s, a coalition government was contemplating how to disentangle their partnership after more than a decade in office. The Liberals and Conservatives had joined together, ostensibly to effect a united war effort; in reality, they wanted to prevent the CCF (precursor to the NDP) from forming a government. Their successful political marriage was now headed for a divorce, but the coalition partners wanted to ensure that the socialists would not win office.

In advance of the 1952 provincial election, the coalition government passed legislation introducing a form

of preferential voting called the single transferable ballot. The Liberals and Conservatives believed that their respective supporters would rank them as first and second choices, denying the CCF a victory.

What the coalition partners had not considered were the unanticipated consequences of their reform. The public quarrelling that preceded their separation had disenchanted many voters, a significant number of whom also resented being told how to mark their novel new election ballots.

In an age before computers, it actually took several weeks to tabulate the votes, manually counting the second, third and fourth choices of voters. When the final results were confirmed, the province was shocked. A political party that had never before won a single seat in the B.C. legislature, Social Credit, had won the largest number of seats and a minority government. The reason? Not posing a threat to any of the established, bitterly competitive partisans, the virtually unknown Social Crediters became a popular second choice among voters of all parties.

The new premier, W.A.C. Bennett, then engineered the defeat of his fledgling government on a popular issue and called an election within a year. This time he won a majority. And one of his first acts was to repeal the single transferable ballot law, to make future majorities more likely.

W.A.C. Bennett, famously known as “Wacky”, remained premier of B.C. for the next two decades.

If there's a moral to this story, it's that no one can safely predict the outcomes associated with implementing major electoral reforms. And there's probably no practical means of assuring that changes are irreversible.

All of which points to the salient question: will 2015 really be the last federal election conducted under the first-past-the-post voting system? **P**

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Prime Minister Trudeau says the 2015 election was the last under the first-past-the-post system. What's the alternative? Adam Scotti photo

In Defence of Canada's Electoral System

Jennifer Smith

While recent prognostication asserts that the new Liberal government's electoral reform plans, which include the abolition of the first-past-the-post voting system, could represent an existential threat to the Conservative Party, Dalhousie University political science professor Jennifer Smith argues otherwise. "Those who support a robust version of PR in the expectation that it will underpin progressive coalition governments forever," writes Smith, "had best be careful what they wish for."

Prime Minister Justin Trudeau says that the election of October 19, 2015, is the last to be held under the single-member-plurality electoral system, or first-past-the-post (FPTP), under which the candidate with the most votes wins. His government aims to have a new system in place for the next election, either some form of proportional representation (PR) or a preferential ballot.

Apparently all kinds of people agree with him, many of them political sci-

entists who have been preaching the idea for years. It should be stressed, however, that these advocates of change are champions of PR, not the preferential ballot, and there is a big difference between the two. PR is designed to bring the number of seats the political parties win in the legislature into line with their percentage of the popular vote. By contrast, the preferential ballot simply allows voters in each of the districts to rank order the candidates, and ballot counting continues until one of the candidates—possibly most voters' second or third choice—wins. In other words, the preferential ballot is about the candidates, not the political parties.

In the discussion that follows, I assume that a robust form of PR is on offer. The advocates of PR argue that it will correct two of the most allegedly egregious flaws of the existing system. The first is that voters for the losing candidates are not represented by the winning candidate. This claim is simply wrong. The second alleged flaw is a common misalignment between the percentage of the popular vote won by a political party and the percentage of the seats it holds in the legislature. This claim is not wrong, but instead highly misleading.

First is the notion that the winning candidate represents only those who voted for him. Those who voted for other candidates, often a majority of the voters, apparently are left high and dry. This is nonsense. The point can be illustrated by reference to the *Carter* decision in 1991, when Madame Justice Beverley McLachlin, writing for the majority, said that the elected representative has an ombudsman role and a legislative role. In the ombudsman role, the representative helps constituents to gain government support for local projects, to access government services like employment benefits, and to resolve personal disputes in dealings with government agencies. The representative does not ask about voting preferences and then turn away constituents who happened to have

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What about representation in the legislative role? Obviously the governing party will not represent opponents on some specific issues. But it will represent them on other issues, for example: the few issues on which there is all-party consensus (like the formal apology made by former Prime Minister Harper to First Nations people on the subject of residential schools); issues on which there is overlap or middle ground (like the range of what is acceptable for budget deficits); issues on which opponents agree with the party that they decline to support (like the Keystone pipeline, supported by the Liberal party and Conservative voters); and issues on which parties reverse themselves, thereby suddenly representing the views of opponents (Prime Minister Chrétien's conversion to the North American Free Trade Agreement that his Conserva-

tive predecessors negotiated with the United States). In other words, representation on legislative items is not a black and white matter. It is unsophisticated to say that votes for losing candidates are simply “lost” votes and those who cast them are unrepresented in the system, although it is, of course, true that a winning party with a strong ideological bias may be more inclined to display the same orientation across a wider array issue areas than a centrist party with an interest-aggregation focus.

“ The second alleged flaw of the FPTP electoral system is misalignment. The recent election produced an excellent example of misalignment in relation to the Liberal party, which won 54.5 per cent of the seats in the House of Commons on the basis of 39.5 per cent of the popular vote. ”

The second alleged flaw of the FPTP electoral system is misalignment. The recent election produced an excellent example of misalignment in relation to the Liberal party, which won 54.5 per cent of the seats in the House of Commons on the basis of 39.5 per cent of the popular vote. The result is not an uncommon occurrence in Canada and is a consequence of the dynamic that takes place when the FPTP system meets the multi-party

system. The successful party can take seat after seat after seat on the basis of pluralities (the most votes, but not a majority of them), thereby winding up with a robust majority of seats on the basis of a plurality of the vote overall. And the reverse occurs as well, when a party loses seat after seat after seat, possibly by very little, yet winds up with a tiny minority of seats that is fewer than the party's percentage of the popular vote recommends. This has often happened to the New Democratic Party, and did once again in the recent election, in which the party gained only 13 per cent of the seats in the House with 19.7 per cent of the popular vote.

“*Advocates of PR keep looking through the rearview mirror at past elections.*”

There is no doubt that PR can correct misalignment. But is misalignment the real issue here? The real issue for PR advocates is misalignment as it affects the progressive vote. In their minds, misalignment is invariably mixed up with the fate of the progressive vote, almost always diminishing its weight. Why? Because advocates of PR keep looking through the rearview mirror at past elections. The results of the general election of May 2011 illustrate that point.

In that election, the Conservative party won 54.4 per cent of the seats in the House on the basis of 39.5 per cent of the popular vote, almost exactly the result that the Liberals got this time around. (Political scientist Peter Russell says such results produce “false majorities.”) By contrast, the NDP got 33.0 per cent of the seats with 30.6 per cent of the popular vote and the Liberals managed only 11.0 per cent of the seats with 18.9 per cent of the popular vote. The Greens got 0.3 per cent of the seats (1) with 3.9 per cent of the popular vote. If the progressive popular vote had been amalgamated, it would

“*It is all too easy for ambitious, entrepreneurial politicians to trade on regional grievances and establish a regional party. And the rewards of electoral success in gaining a regional bloc of seats are tempting.*”

have totaled nearly 44 per cent. Under a robust system of PR, the seats won by the progressive parties would have matched that figure, while the Conservative party's share of the seats would have dropped to about 40 per cent. A different outcome indeed.

It is easy for PR advocates to do such calculations for past elections in a bid to show that they are unfair by the benchmark that a party's percentage of seats won ought to reflect accurately its popular vote share. But why bother? What can the results of past elections, recalculated as if they were run under a different electoral system, possibly tell us? In my view, nothing at all, for the very good reason that a significant change in the electoral system will trigger an equally significant change in political parties. Within two elections, the political-party system will be unrecognizable by today's standards.

The combination of the FPTP electoral system and the Westminster system of responsible parliamentary government sets up significant incentives for disciplined political parties to aim to be *national* parties capable of forming majority party governments. And often they succeed, as did the Conservatives in 2011 and the Liberals in 2015. But not always. Canada is an exceptionally large country comprised of distinct regions that can defeat efforts at national integration. Regional parties began with the Progressives, mostly from Western Canada, who broke away from the Liberal party under the leadership of William Lyon Mackenzie King and gained 60 seats in the general election of 1921, thereby depriving King of a majority government. Between 1962 and 1979, the Ralliement des créditistes under R al Caouette gained seats in Quebec in every general election,

including 1963, when their 20 seats ended Liberal hopes of gaining a majority government in that election. For its part, the Progressive Conservative party was eventually destroyed by regional parties, the Western-based Reform party under Preston Manning founded in 1987 and the Bloc Qu eb cois founded under Lucien Bouchard in 1990.

None of these regional parties lasted. In one way or another, all were reabsorbed into the established parties. The point is that even the existing electoral system cannot discourage them. By contrast, a robust form of PR would positively encourage them. It is all too easy for ambitious, entrepreneurial politicians to trade on regional grievances and establish a regional party. And the rewards of electoral success in gaining a regional bloc of seats are tempting. What might such rewards be? At best, one or more seats in the cabinet of a coalition government and an opportunity to secure policies and publicly-funded projects that favour the region.

The rub for progressives is that regional parties tend to lump together voters that cover the left-right spectrum under the banner of the region. In other words, regional parties tend to suppress the progressive faction of their support because they are an amalgam of so many other voices, fearful conservative and regionally-preoccupied voices among them. In sum, those who support a robust version of PR in the expectation that it will underpin progressive coalition governments forever had best be careful what they wish for. **P**

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Democratic Reform and The Trust Factor

Frank Graves

The lack of public trust in government and democratic institutions has influenced a range of social and political phenomena from the Occupy movement to Donald Trump's presidential candidacy. But as pollster Frank Graves reports, the recent election of a new Liberal government has been accompanied by a resurgence of public trust in democracy. The question is, will it last?

Trust has become a scarce societal resource and there is a particular paucity of trust in government and democracy. This isn't a recent problem and the decline of trust has been a steady downward march for the past 40 years in upper North America. As late as 2014, only about one in four citizens believed they could trust their federal governments (in either Ottawa or Washington) to do the right thing. Contrary to views that this precipitous decline in trust is caused by specific events (e.g., Watergate, the sponsorship scandal), the evidence shows that there are much bigger cultural forces at play.

In this brief essay, we want to identify the broader historical field that has produced this problem and then look at how recent political history may be altering the prospects for a healthier, more legitimate democracy. It will also be instructive to look at some of the specific ideas being proposed as solutions to the malaise that has infected contemporary democracy. We do note that the recent Canadian election has produced something of a democratic boom and it is unclear whether those effects are ephemeral or more durable. It is important to separate recent events from the broader historical field and recognize that any assessment of the

public responses taken in the afterglow of a broadly satisfying election will undoubtedly understate the true extent of the public appetite for democratic renewal.

Before situating the current public landscape in a broader historical context, we want to begin by looking at some important new data. The new data show some profound shifts in

some of the key trust and legitimacy indicators. We also have some timely new data on public preferences among some of the key proposals for democratic reform.

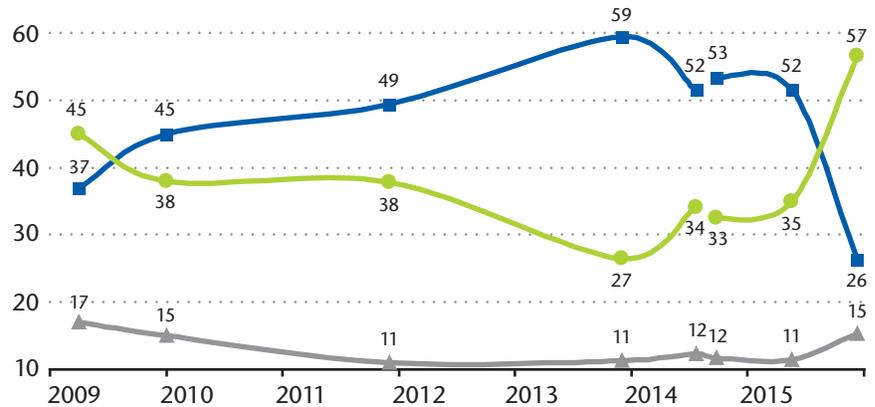
1) Documenting the impacts of Election 42 on key barometers of democratic health

We thought it useful to ask Canadians if and how they thought the world would be any different because of this electoral choice. The answer is that the public sees this as the beginning of a sea change; a profound shift in the very character of the country.

Six in 10 Canadians hold a positive outlook on the health of democracy, which may reflect just how far basic barometers of trust in government and democracy had descended under Harper's watch. What is remark-

A Democratic Boom?

Q. How would you rate the overall health of democracy at the federal level in Canada?



■ Unhealthy (1-3) ▲ Neither (4) ● Healthy (5-7)

BASE: Canadians: December 7-10, 2015 (n=1,956). MOE +/- 2.2%. 19 times out of 20

able about this indicator is how this newfound optimism is shared by Canadians of every region, gender, age group, and educational cohort.

Whatever the long-term consequences of the recent 42nd federal election, we can document a dramatic shift in some of the basic barometers of democratic health. We would urge caution in over-reading the lasting significance of these shifts but they are indeed impressive. People cite democratic renewal as one of the areas in which they expect profound improvements from the new government. We see basic confidence and national direction reaching high points for the past 12 years. We also see some basic tracking of 'democratic health' tipping the outlook from clear majority mistrust to clear majority trust.

This improved outlook is a positive development but we should be very cautious in assuming that the structural issues that produced mistrust have been solved by a shift from grumpy to sunny. The real test of the significance of these dramatic upticks will only become clear as citizens observe the new government and its impact on democracy and public institutions.

The new government has laid out a

“ Whatever the long-term consequences of the recent 42nd federal election, we can document a dramatic shift in some of the basic barometers of democratic health. We would urge caution in over-reading the lasting significance of these shifts but they are indeed impressive. ”

very ambitious program of democratic renewal. In this final section we look at some of the evolution of public attitudes to these measures, as well as a few that they haven't made as prominent.

2) Potential fixes: The evolution of public attitudes to improving democratic health

Not surprisingly, we have seen public receptivity to a number of fixes to improve this serious problem. These range from sweeping ideas such as replacing political parties to more common suggestions including moving from first-past-the-post to proportional representation.

The idea of mandatory voting is supported by a clear majority, although it is opposed by around one-third. The most attractive feature of this measure, which has been in place in

Australia since 1924, is that it solves the problem of low voter turnout. Obviously, one would prefer a situation where the vast majority turn out voluntarily (as in the case of Denmark, for example) but one could argue that the inventory of evils associated with the new permanent campaign of get out (and keep home) the vote has risen to a point where this more drastic measure is necessary. Notably, turnout in Australia is around 90 per cent and the measure enjoys the support of around 80 per cent in polls. The system doesn't seem to favour any particular party. In the long run, parties must consider platforms and campaigns that focus on all voters rather than just narrow-casting to specific segments.

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Preferred Electoral System

Q. Please rank these three systems from best to worst in terms of how beneficial you think they would be for Canada.

Some form of proportional representation



Canada's existing first-past the post-system



A preferential voting system



■ Best option for Canada ■ Second-best option for Canada
 ■ Worst option for Canada ■ DK/NR

BASE: Canadians (online only); December 7-10, 2015 (n=1,811), MOE +/- 2.3%, 19 times out of 20

are committed to ending the first-past-the-post system. Here, we will look at how citizens respond to three major options: the status quo (i.e., first-past-the-post), proportional representation, and preferential ballot. We present these are the level of principles rather than detailed design, as we feel this is more appropriate given public literacy on the topic.

Support for the status quo—first-past-the-post—is not high. In fact, there is a strong mandate to implement something that more closely resembles the democratic ideal that all votes have equal influence in shaping electoral outcomes. In approaching electoral reform, it is clear that voters place the highest priority on the idea of equality of voter impact. Consequently, first-past-the-post is least preferred and proportional representation most preferred with preferential ballot in between.

When we asked approximately 2,000 Canadians from December 7-10, the week the House was sitting, fully 41 per cent chose some form of proportional representation as the best option for Canada, while another 30 per cent said it was the second best option. As for the existing first-past-the-post system, 25 per cent said it was the best

system, and another 23 per cent said it was the second best. Equally, 25 per cent said preferential voting would be the best system, and 34 per cent said it would be second best. The current public preferences are quite clear; the public want to abandon first-past-the-post, would prefer proportional representation, but could *consider* a preferential ballot.

In addition to electoral reform, our research has consistently shown two critical book-ends to improving trust in government. Our most recent updates show these two ideas of increasing transparency and routine citizen engagement continue to evoke very strong resonance among the public. The idea of heightened transparency contains the notion of changing government from a black box to a glass box. The idea of citizen engagement could see a transformation of traditional polling to scientific approaches that are reflective, representative, and informed.

3) Broad historical shifts

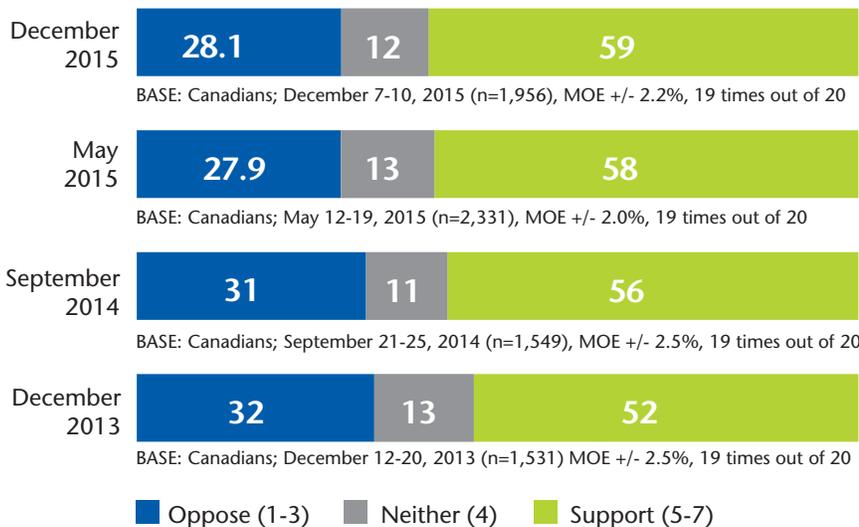
Let's return to the deep historical context in upper North America. Perhaps the biggest change among a plethora of structural changes in our society has been the shift from a

more trusting collectivist society to a more individualistic society—one that is more wary of the state and public institutions. The deferential and conformist societies of the post Second World War gave way to the counterculture and protest of the sixties and seventies — a transformation that continues to this day. While the elimination of the blind trust and conformism under the forces of rising mass education, a more critical media, and pop culture has produced a more aware and critical public, this shift has also posed huge challenges to governments and democratic institutions. There is little evidence that the advent of Internet 1.0, 2.0 and beyond has done anything to reverse this pattern of very low trust.

“ While there are no doubt democratic impacts, social media may also have a down side when it comes to democracy. While Twitter and Facebook are certainly inundated with political content, some worry that this replaces true political action with “click democracy”. ”

Support for Compulsory Voting

Q. A number of countries such as Australia and Brazil have implemented compulsory voting, where citizens are required to vote in elections. Would you oppose or support introducing compulsory voting in Canada?



Our research has shown that the public believes that the Internet and social media are having a positive impact on democracy. Given our analysis, we might be less convinced of this. While there are no doubt democratic impacts, social media may also have a down side when it comes to democracy. While Twitter and Facebook are certainly inundated with political content, some worry that this replaces true political action with “click democracy”.

The most recent changes suggest that the almost unimaginable decline in trust in government—which occurred in the last half of the twentieth century—continues uninterrupted and has, perhaps, further eroded in this new

century. It is a plus that a more educated and less docile public holds its public institutions to account. Not only does such low trust have dire implications for the basic legitimacy of governments and democracy, the absence of trust is also a brake on economic productivity. Markets don't function well in the absence of basic trust.

It is important to note that the current roots of declining trust are deep and that there are no immediate fixes for restoring trust in government. The drivers are ultimately cultural, what some have called the rhythms of post-materialism, and there is no evidence that what Neil Nevitte referred to as the decline of deference has halted since he noted that trend 15 years ago. If anything, the decline has continued and perhaps even accelerated among the younger half of the population.

We have been talking about trust in government but the new post-materialist outlook also provides scant trust to business and professions (notably mistrustful of bigger, not smaller businesses). The mistrust in government is much more focused on politicians and political parties, not officials. We have

other indicators showing trust in democracy plummeting to new lows in Canada. Trust in politicians has been almost cartoonishly low in Canada.

4) Movements in trust over the Harper era

Stephen Harper inherited government in a very challenging period, but things only worsened during his rule. This is somewhat ironic as Harper took office largely on claims of restoring honesty and transparency and his initial victory was driven largely by concerns that the previous Liberal government had lost touch in terms of basic accountability and trust issues. So these issues can be important factors in shaping political choice. If we were to isolate one factor that is paramount in driving declining trust in government, it would be that the public interest has become subordinate to other interests.

We noted that the roots of the decline in trust in government and democracy were deep and that this phenomenon was not unique to Canada. We also note that while the major declines occurred in the 1970s and 1980s, there is evidence that the

trend lines are going down again. We have been asking people to rate the overall health of democracy as another test of this issue.

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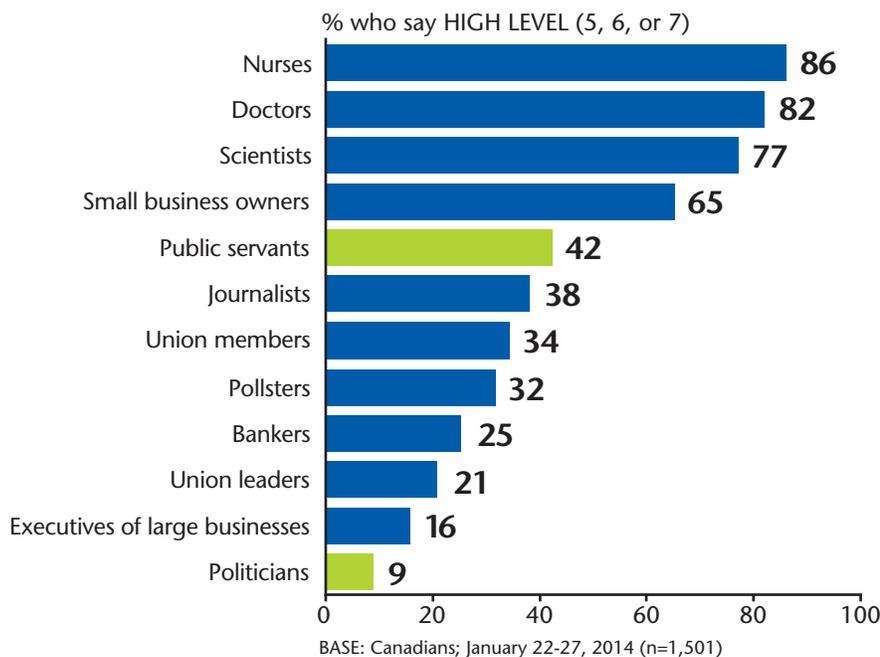
The pattern here is both clear and troubling. While we were leaning to see democracy as somewhat healthy in early 2009 (by a margin of 45 per cent to 37 per cent), this had steadily eroded to the rather dismal reading we got in 2013 where just over one-quarter of the public saw democracy as healthy and, for the first time, a clear majority said our democracy was sick. So, while the Harper government was by no means responsible for the poor democratic health of the country, it didn't help. We will see some major shifts on this indicator later.

In conclusion, the democratic malaise gripping Canada in this century seems to have improved, at least in the short run. The appetite for renewal, however, is still strong and, ultimately, the new government's success in producing democratic progress will be judged on the agenda of innovation that it and Canadian citizens hold for the future. **P**

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Trust In Occupations

Q. How much trust do you have in each of the following?





Assembly of First Nations Chief Perry Bellegarde predicted indigenous voters could affect the outcome in 51 ridings. Strong First Nations and youth voter turnout, partly in protest to the vouching provisions of the Fair Elections Act, helped seal the fate of the Conservatives. Adam Scotti photo

How the “Fair Elections Act” Backfired and Helped Defeat the Harper Government

Bruce Carson

The Conservative government's Fair Elections Act, one of the most controversial pieces of legislation of the final years of the Harper era, was a pre-election gambit designed to disenfranchise key constituencies, hamstringing the Chief Electoral Officer and re-write election spending rules in a way that many thought was intended to benefit the incumbent regime. It backfired.

Section three of Canada's Charter of Rights and Freedoms states that “every citizen of Canada has the right to vote in an election of members of the House of Commons or of a legislative assembly and be qualified for membership therein.” So when Pierre Poilievre, then Minister of State for Democratic Reform, in February 2014 introduced

the Fair Elections Act in the House of Commons, one would naturally have assumed that such legislation would build on the Charter right to vote. One could believe that a bill bearing such a title would make it easier for Canadian citizens to vote and address other matters that needed to be fixed in the Canada Elections Act.

The time between the bill's introduction and its receiving Royal Assent on June 19, 2014, was just over four months. However, the issues raised in this attempt to amend the Canada Elections Act dominated political discourse in a fashion heretofore unseen, at least in recent memory, particularly on a bill purportedly bringing a greater degree of fairness to Canada's electoral system.

There is no question that the bill was wide-ranging, attempting to provide answers to a number of recommendations contained in reports and studies from Elections Canada and the House of Commons Procedure and House Affairs Committee.

During the study of this bill, the opposition parties raised a number of objections and offered amendments concentrating on five significant areas. There were many more criticisms and many more areas where amendments were proposed, but it is these areas that stand out and in fact almost three pages of the Liberal election platform were dedicated to the topic of "open and fair elections," proposing to repeal the sections of the Fair Elections Act which they found most egregious.

The five areas that drew the majority of comments were: proposals to eliminate vouching as a means of voter identification; the raising of campaign finance limits; communications between the Chief Electoral Officer (CEO) and voters; the role of the Commissioner of Canada Elections; and the imposition of provisions dealing with robocalls.

One series of amendments that did not provoke serious objections were those that entrenched an Advisory

“ Almost three pages of the Liberal election platform were dedicated to the topic of “open and fair elections,” proposing to repeal the sections of the Fair Elections Act which they found most egregious. ”

Committee of Political Parties in the Canada Elections Act. The purpose of this committee is to provide the CEO with advice and recommendations relating to elections and political financing. In the days when Jean-Marc Hamel was CEO (1966-1990), such an *ad hoc* advisory group met with Hamel on a fairly regular basis ironing out issues before they became problematic either for the parties or Hamel. In the years since his departure, such a group was consulted irregularly.

“ There was even a clause that allowed for incremental increases in spending limits should the election period last longer than 37 days. When the October 19 election was called on August 4, the conventional wisdom was that this clause would benefit the Conservatives, as they had the largest bank account. Events proved otherwise. ”

If there was an overarching theme to the criticism raised about this bill, it was that it tilted the electoral playing field in the direction of the Conservative government and even if it didn't go that far, it at the very least addressed a number of matters that had irritated the government for some time. Marc Mayrand, the CEO who was appointed by the Conservative government, in interviews and committee appearances, indicated that the role of the CEO

was diminished by this bill.

Dealing with the areas that drew the most comments, the Act made significant changes to campaign financing rules. Individual contribution limits were increased, as were election spending limits for political parties, candidates and nomination contestants. There was even a clause that allowed for incremental increases in spending limits should the election period last longer than 37 days. When the October 19 election was called on August 4, the conventional wisdom was that this clause would benefit the Conservatives, as they had the largest bank account. Events proved otherwise.

Attempts in the bill to limit communications by the CEO with voters were just plain stupid. While the original proposal was changed somewhat in committee, this is an area that should be reviewed by the new government. The CEO should be able to engage in public education in order to increase the number of votes cast in an election. The CEO should be able to deal with Canadians regarding the right to vote and the importance of exercising this right.

The position of the Commissioner of Canada Elections has changed as a result of the Act. The Commissioner, while still responsible for investigations of alleged offences under the CEA, is now appointed by the Director of Public Prosecutions (DPP) for a non-renewable term of seven years. The position of the Commissioner is now within the Office of the DPP. While the Commissioner took great exception to this change during committee hearings, it could be of some benefit in the long run. One of the main criticisms of Elections Canada is the

interminably long time that investigations take and if the move to put the Commissioner in with the DPP can speed up this process, it would be an improvement. The Trudeau government should review this part of the Act to determine if this move has resulted in efficiencies. The government should also consider broadening the investigatory tools available to the DPP.

While it may be too early to conclude that the new provisions set out in the Act were effective in relation to robocalls, at this point, given the lack of complaints, it may be concluded that they provided a significant chill so that a situation comparable to the 2011 election in the Guelph constituency did not arise. When this part is reviewed, the role of the Canadian Radio-Television and Telecommunications Commission should be examined. The CRTC was inserted here because of its expertise dealing with telemarketers and a review should focus on whether the CRTC is the right entity to police robocalls, or whether it should fall within the jurisdiction of the Commissioner and the DPP.

While it may be arguable that some of the above noted changes brought about by the Act have some legitimacy, there is no valid reason behind the changes brought about to the vouching provisions of the Canada Elections Act other than to suppress the votes of certain groups.

“ There is no valid reason behind the changes brought about to the vouching provisions of the Canada Elections Act other than to suppress the votes of certain groups. ”

Arguments came from the Conservatives that these changes were necessary to protect the integrity of the electoral system. The poten-

tial damage that could have resulted from changes to the vouching provisions far outweighs any benefit. These changes, when added to the elimination of the Voter Information Card as valid proof of identity, became the lightning rod for those who opposed the Act. In the words of CEO Mayrand, “Eliminating vouching and the information card would do little to improve the integrity of the voting process and have taken away the ability of many qualified electors to vote.” While changes were made to allow a limited form of vouching with regard to addresses through an oath system, the damage had been done.

An unsuccessful court challenge was brought seeking an injunction. However, when dealing with the case, Judge David Stinson of the Ontario Superior Court stated, “There is a risk that some individuals who would otherwise rely on the Voter Identification Card to enable them to vote will be unable to do so, which would result in irreparable harm.”

It is arguable that these provisions of the Act, designed to suppress voter turnout, actually had the exact opposite effect as they galvanized both university students and Canada’s indigenous population to obtain the identification required under the Act and vote in numbers never before seen in a federal election.

Before the election was called, Perry Bellegarde, national chief of the Assembly of First Nations stated quite unequivocally that the results in 51 ridings could be affected by a strong turnout of indigenous voters. He was tapping into an anger that had been growing for some time. The First Nations’ Rock the Vote movement was in full swing, ensuring that record numbers of First Nation members were being registered and would have the identification necessary to enable them to vote. In some communities, voting increased by 270 per cent over 2011 numbers. The Fair Elections Act, which they believed was drafted to suppress their vote, the possible

effects of the Anti-Terror Act on indigenous protests and the platforms of the Liberals and NDP, which specifically addressed indigenous issues, spurred on Canada’s indigenous peoples to exercise their right to vote.

“ These provisions of the Act, designed to suppress voter turnout, actually had the exact opposite effect as they galvanized both university students and Canada’s indigenous population to obtain the identification required under the Act and vote in numbers never before seen in a federal election. ”

When the final chapter is written on the 2015 general election, no doubt many political analysts will say the tipping point occurred during the campaign. They will argue that it could have been the leaders’ debates, the lack of new policy ideas from the Conservatives, the Syrian refugee crisis, the niqab controversy or the final Conservative grasp for votes via the barbaric cultural practices snitch line.

I would argue that the tipping point came more than a year before the election was called with the passage of the Fair Elections Act, which spurred on those whom the Act attempted to disenfranchise to cast their ballots against the party that attempted to silence them. **P**

Bruce Carson, writer of the daily online The Morning Brief, was senior policy adviser to Prime Minister Harper from 2006-2008 and an adviser to the House of Commons Special Committee on Electoral Reform from 2006-2009. He is the author of 14 Days: Making the Conservative Movement in Canada, McGill Queen’s University Press (2014). brcarson11@gmail.com



Governor General David Johnston reads the Speech from the Throne in the Senate Red Chamber on December 4. The Trudeau government has created an Independent Advisory Board to recommend Senate appointments to the Prime Minister. Adam Scotti photo

The Political Fire Walking of Senate Reform

Adam Dodek

Both Stephen Harper and Justin Trudeau believed that they had to change the way senators were appointed. That is where their agreement on Senate reform ended. Prime Minister Harper adopted an all-or-nothing approach, trying to radically alter the Senate while still controlling its internal affairs. Prime Minister Trudeau has embraced a plan to reform the Senate from the outside as well as the inside. From the outset, he faces a two-term proposition of playing the math and fighting an ingrained institutional culture.

The Trudeau government's Senate reform plan is clearly a work in progress. It is emerging in pieces, apparently without much consultation with the Senate itself.

In December, Government House Leader Dominic LeBlanc and Minister of Democratic Institutions Maryam Monsef announced various components of what will eventually be the Trudeau plan for Senate ap-

pointments. They have also publicly floated several trial balloons such as having ministers appear before the Senate for questioning and overhauling the Senate's rules.

In contrast, the Harper government's Senate reform plan was clear. It was also grand (if not grandiose), unilateral and ultimately unconstitutional, as declared by the Supreme Court of Canada in April 2014. The Harper government's response was to turn its back on Senate reform, take its ball and walk away. For a decade, it displayed absolutely no interest in internal reform of the Senate. The Harper government did not want a better Senate, it demanded an entirely different Senate. This radical reformist approach made many small-c conservatives as well as some capital-c Conservatives deeply uncomfortable. A more anti-Burkean approach could not be imagined.

Prime Minister Justin Trudeau and his advisers are clearly absorbing some of the lessons that the Senate taught the Harper Conservatives over the past decade, among them that it cannot simply be ignored in the hope that Canadians won't notice its bad behaviour.

Both Harper and Trudeau saw the legitimacy of the Senate as the problem. However, their diagnoses of the cause of the problem are fundamentally different. For Harper and his Reform-based supporters, the problem with the Senate was its undemocratic character. The solution therefore was to make senators elected and establish term limits. For Trudeau and those around him, the Senate's problem is politics itself. They want to take politics out of the Senate. Or perhaps more accurately, they want to take the Senate out of Liberal Party politics.

In January 2014, Justin Trudeau expelled all Liberal senators from the party's caucus. "There are no more Liberal senators," Trudeau declared. It was a bold move that demonstrated leadership and succeeded in neutralizing the Senate as an issue for candi-

“ The Harper government's response was to turn its back on Senate reform, take its ball and walk away. For a decade, it displayed absolutely no interest in internal reform of the Senate. The Harper government did not want a better Senate, it demanded an entirely different Senate. ”

date Trudeau. But it was a move that was not thought out as to its impact on a future-Prime Minister Trudeau. With the election 22 months in the future, that was understandable.

Now, the Senate is Justin Trudeau's problem.

Having diagnosed the Senate's problem as partisanship, Trudeau is set to fix that. The first two moves were contradictory: on the same day that he announced an independent advisory body to oversee a merit-based, non-partisan appointment process, Trudeau made a very partisan appointment for Speaker of the Senate. The appointment of George Furey from Newfoundland and Labrador was a political necessity, but it was deeply unpopular with senators who had expressed their desire to elect their own Speaker, as their House of Commons counterparts are able to do (the Constitution provides that the Speaker of the House is elected and the Speaker of the Senate is appointed by the Governor General, on the advice of the cabinet). Facing a Conservative majority in the Senate, the Trudeau government could not permit this. They were also unwilling to allow the "independent Liberals" to nominate one of their own because that would have meant recognizing their former caucus compatriots, which they were also not prepared to do. In the event, the PM maintained the very unreformed tradition of choosing the Speaker of the Senate himself.

The proposed Independent Advisory Board draws inspiration from the successful Advisory Committee on Vice-Regal Appointments established by Harper. It also shares features with some provincial judicial appoint-

ments advisory committees, such as Ontario's, which submits a shortlist of recommended candidates to the Attorney General for judicial appointment. But there are many questions about how this committee will operate, such as whether it will interview candidates.

The next step in the process will be the appointment of a "government representative" (but not a "Government Leader") from among five new independent senators to be appointed in January. How this new senator, completely unfamiliar with the procedures of the Red Chamber, will steer government legislation through a Senate with no government members but with a majority of opposition members, remains to be seen.

In actuality, the Trudeau government's goal of eradicating partisanship is likely both unobtainable and undesirable.

“ Between 2016 and 2019, there will only be 24 additional vacancies, of which only 10 will be Conservative retirements. So, Trudeau will only be able to appoint 46 "new" senators, still leaving a majority of old-school partisans in the Red Chamber. ”

It is unobtainable at least in the near term due to numbers. There are 105 seats in the Senate. The Conservative Party currently has 47 members,

the formerly-Liberal senators number 29 and there are 7 independents. That leaves 22 vacancies for Trudeau to fill. Those 47 Conservative senators are the main stumbling block to eradicating partisanship in the Senate. But Trudeau should not underestimate the desire of the 29 formerly-Liberal senators to remain Liberals. Their response to Trudeau's January 2014 announcement was not one of "liberation"; they did not abandon the Liberal caucus and choose to sit as independents. They continued to caucus as a group, although they no longer felt bound to vote as a bloc. They were the opposition, so the stakes were low.

In attempting a Senate makeover, Trudeau is confronted by a demographic challenge. Attrition—which is often a policy maker's best friend—will not assist Trudeau as much as could be expected. Harper's senators are young. Many of those 47 Conservative Senators will be around for decades. The senators that Harper appointed were very different in vintage than those appointed by his predecessor, Jean Chrétien, who often appointed people in their late 60s to the Red Chamber.

“ Trudeau may not want the Liberal senators but they stubbornly cling to their identity and affiliation as Liberals. They have been expelled from the Liberal Party's caucus but they still caucus together. ”

By my count, between 2016 and 2019, there will only be 24 additional vacancies, of which only 10 will be Conservative retirements. So, Trudeau will only be able to appoint 46 “new” senators, still leaving a majority of old-school partisans in the Red Chamber. Between 2020 and 2023, there are only another 18 mandatory retirements. Which means

Trudeau's plan for Senate reform is at least a two-term project.

The other challenge is political culture. It will take more than rule changes and appointing independent senators to take the partisanship out of the Senate. Trudeau may not want the Liberal senators but they stubbornly cling to their identity and affiliation as Liberals. They have been expelled from the Liberal Party's caucus but they still caucus together.

It will be interesting to see what happens with the 22 “independent” appointments that the Prime Minister is likely to make in 2016. Politics is a team sport; it is not long distance running. There are only so many mavericks who have the personality to be lone wolves. Most of us want and like to be part of a group. Especially those who are attracted to public service.

Eradicating partisanship may also be undesirable. What the Trudeau government will have to come to grips with is that the Senate is not an expert panel of independent, diverse voices, although it may serve this function at times, and serve it well. The Senate is a critical and constitutional part of the day-to-day process of legislating in Canada. It is needed to pass the government's legislation.

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The benefit of now-reviled partisanship is that it enables the organization of individual members into different permanent blocs that make conducting business more manageable. In short, partisanship facilitates the efficient transaction of legislative business. Of course, that efficacy can go to extremes, stifle debate and prevent the careful consideration of legislation. But the tension between independence and efficacy is real.

As the Trudeau government faces the challenge of reforming the Senate over the next few years and possibly beyond, it may come to wish that the Supreme Court had been more flexible on the Harper plan for senatorial term limits. That might have made things much easier. For Trudeau, the Senate will be a continuous work in progress. **P**

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Ottawa ↔ Québec	2	482 km	5 h 23 min	4 h 39 min	488 \$	49 \$ ¹	439 \$
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*** L'économie pour le contribuable associée aux voyages en train est calculée selon la formule suivante : Coût du voyage en voiture – coût du voyage en train = économies pour le contribuable.



From left to right: John Fraser, MPP for Ottawa-South; the Honourable John McCallum, Minister of Immigration, Refugees and Citizenship; Robert Pace, Chairman of the Board of Directors of CN; Luc Jobin, Executive Vice-President and Chief Financial Officer of CN; the Honourable Jane Philpott, Minister of Health; and David McGuinty, MP for Ottawa-South.

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Can We Finally Fix Question Period?

Michael Chong

As many observers predicted at the time, the introduction of television cameras to the House of Commons in 1977 gradually changed the daily ritual of question period. In recent years, QP has become more spectacle than substance. Could the reforms promised in the Liberal platform, which closely echo those proposed by MP Michael Chong, make it meaningful again?

The election of a Liberal majority brings with it the prospect of reforms to question period. The Liberal platform promised to fortify the use of discipline by the Speaker, allow more time for questions and answers, designate a weekly question period for questions to the prime minister (PMQs) and examine the use of online technologies.

Some of those proposed reforms are based on a motion adopted by the House of Commons on October 7, 2010. That motion, seconded by 20 MPs from three different parties, tasked the Procedure and House Affairs Committee with exploring reforms to question period, including:

- elevating decorum and fortifying the use of discipline by the Speaker
- lengthening the amount of time given for each question and each answer
- examining the convention that the minister questioned need not respond
- allocating half the questions each day for MPs, whose names and order of recognition would be randomly selected
- dedicating Wednesday exclusively for questions to the prime minister, and
- dedicating Monday, Tuesday, Thursday and Friday for questions to ministers other than the prime

minister in a way that would require ministers be present two of the four days to answer questions concerning their portfolio

“ Even after its formal establishment in 1964, question period continued to evolve. Successive Speakers made numerous rulings that established new conventions governing question period. These rulings contributed greatly to its evolution over the last number of decades. ”

The Procedure and House Affairs Committee did not complete its work before the May 2011 general election and the proposed reforms died with the dissolution of Parliament.

In recent years, the various proposals to reform question period have demonstrated a desire among MPs to change this important part of the daily routine in the Commons.

When Parliament was established in 1867, question period did not formally exist in the standing orders



Conservative MP Michael Chong, author of the Reform Act, thinks fixing Question Period is a priority for democratic reform. House of Commons photo

governing the House of Commons.

Even after its formal establishment in 1964, question period continued to evolve. Successive Speakers made numerous rulings that established new conventions governing question period. These rulings contributed greatly to its evolution over the last number of decades. Notably, significant changes to these unwritten conventions were made by successive Speakers based on agreements reached in private discussion among fewer than half a dozen MPs in the House of Commons (usually the party whips or house leaders) rather than by changes to the standing orders, which require the consent of the majority of the House.

There are a number of problems with the current conventions and standing orders governing question period. The first concerns behaviour. In recent years, question period has become characterized by boorish behaviour and excessive noise. The introduction of clapping to the Commons in the 1970s has led to

constant applause and standing ovations, often dozens during the 45 minutes of question period. Further, the standing order concerning irrelevance and repetition is not enforced. While question period was never intended to be like high tea in the afternoon and a well-timed heckle can add much to the to and fro, noise levels and disorder have often become so great that the proceedings have often been unintelligible.

Both the Liberal platform and the 2010 motion proposed to fortify the use of discipline by the Speaker. The current standing orders governing question period provide the Speaker with a great deal of power to address these issues. However, previous Speakers have been reluctant to use these powers, leaving it to MPs to self-regulate. It remains to be seen whether Speaker Regan will use the full range of his powers, including the naming of members (expulsion), to more rigorously enforce order.

At the beginning of the 36th Parliament in 1997, Speaker Gib Parent held discussions with the house leaders of the five recognized parties in the Commons. They agreed to limit questions and answers to 35 seconds in order to accommodate questions from all four opposition parties. Previously, the time limit had been longer and at the Speaker's discretion. While a substantive question and substantive answer can be had in 35 seconds or less, the rigidity of this time limit has had the effect of encouraging rhetorical questions and answers over substantive ones.

Both the Liberal platform and the 2010 motion proposed to lengthen the maximum time given to ask and answer a question, so perhaps there will be a consensus to change this convention in the current Parliament.

Yet another longstanding issue concerns the convention that ministers need not respond to questions put to them. Sometimes it is not possible for a minister to respond, such as when abroad representing Canada. However, often a relevant question is put to a minister present, but the government designates another minister to answer. A more substantive question

“*While question period was never intended to be like high tea in the afternoon and a well-timed heckle can add much to the to and fro, noise levels and disorder have often become so great that the proceedings have often been unintelligible.*”

period would mandate that ministers respond to questions concerning their area of responsibility. The 2010 motion proposed this reform; the Liberal platform did not.

Another problem with question period is the enormous amount of resources required on part of a minister's offices. The daily routine of preparing, attending and debriefing can take up to four hours out of a minister's schedule; time that could be spent on the important work of managing a ministerial portfolio. Out of a typical ministry of several dozen ministers, fewer than a dozen will be asked questions in a typical question period. In other words, more than two dozen ministers and dozens more staff spend half the working day for naught. If structured differently, question period could provide the same level of democratic accountability while significantly reducing the time and resources required of the ministry.

Both the 2010 motion and the Liberal platform proposed to dedicate a weekly question period for questions to the prime minister. By adopting weekly PMQs and a rotating schedule for the remaining ministry, both ministry and opposition would benefit. The ministry could more effectively use their time and resources for question period, and the opposition could better focus their limited resources and research on specific issues and ministers based on the rotating schedule.

Perhaps the biggest problem with question period is that MPs have lost the right to ask spontaneous questions of the government. Subsequent to the introduction of television to the Commons in 1977, a significant change to question period was introduced by Speaker Jeanne Sauvé,

who found it difficult to choose from among the several MPs who would spontaneously rise to be recognized for a question. According to former Commons Clerk Robert Marleau, after private discussions between Speaker Sauvé and the party whips, lists of MPs designated to ask questions were submitted to the Speaker prior to each day's Question Period by the party whips (or someone designated by the party leader).

MPs must now request to get on the party list and have their questions vetted beforehand. Each party submits its list of questioners to the Speaker in advance of question period, and the Speaker recognizes those on the list. Many MPs rarely get on the list to ask questions.

Party leaders, through the party whips and the party lists, have taken control over what used to be a member's right to ask a question as determined by the Speaker.

The 2010 motion called for allocating half the questions each day for backbench MPs, as determined independently by the Speaker. This would restore the right of MPs to ask questions, a right that was lost when the party lists were implemented. It is interesting to note that the Liberal platform was silent about this proposed reform.

It remains to be seen if the Liberal majority in the Commons will adopt the reforms proposed in their platform and in the 2010 motion. There is a real opportunity to reform question period to better use time and resources, produce more substantive questions and answers and hold the government more accountable. **P**

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“Canada is back.” Justin Trudeau’s first weeks in office were dominated by a whirlwind of international travel. In Paris, he spoke at the COP21 Conference on Climate Change. Adam Scotti photo

Trudeau’s Summitry Marathon —Impact Without the Pirouettes

Jeremy Kinsman

It could have been a disaster. As every political professional and journalist knows, foreign trips are a minefield for any leader. For Justin Trudeau, the whirlwind of international summitry that immediately followed his election on October 19 might have been a baptism by fire. As it happened, the parade of world-leader bilaterals, citizen selfies and quotable quips seemed more like a multinational victory lap. Veteran diplomat Jeremy Kinsman provides a post-tour analysis.

Two weeks after being elected, Justin Trudeau set off for the first time to a series of world summits: The G20 leaders’ meeting in Turkey, an APEC summit in the Philippines, a Commonwealth leaders’ gathering in Malta and climate talks in Paris. As Trudeau himself put it, he was “thrown into the deep end” of the foreign policy pool right at the start.

Trudeau wasn’t the international neophyte his rivals depicted during the campaign. Having visited more than 50 countries with his father before he turned 12, he had seen with young eyes the diversity of perspectives in international life. While recent years of getting

elected and parenting a young family limited outside trips to Orlando's Disney World, he came into office with a realistic sense of the world's complexity.

He had to be all ears as he headed off to meet his new peers, a kind of variation on Josef Haydn's belief he owed his accomplishments as a composer to the fact he "listened to music more than he studied it." But the whirlwind tour was about more than intake. Trudeau intended to project that "Canada is back," re-assuming its role as a constructive multilateral activist. He also meant to begin to build his international network.

Critics and the usual skeptics mentally plotted their put-down pieces, anticipating blunders and boo-boos from the guy who was "just not ready." One Conservative MP tweeted she was sickened and embarrassed by the idea of Trudeau even being on the world stage.

Underestimating newcomers on any stage is a chronic fault, often fatal in politics; ask Gorbachev about Yeltsin, Democrats about Reagan, Republicans about Clinton, or Hillary about Obama. Since the risk of being "left in the political dust" by an upstart rival's heels is never far from their preoccupations, international leaders take a professional interest in the people skills of surprise political winners from major countries. Even autocrats vaunt their own connections to "the people" to justify holding onto power, radiating charisma, in the way of benevolent tribal chieftains or patriarchal Mafia bosses. For foreigners, they turn on the charm. Looking back at my own diplomatic career, I recall Hosni Mubarak as all smiles, Hafez al-Assad as a benign sort of sage and Vladimir Putin in the 1990s as about the most reasonably-sounding Russian I knew. Long-time Ugandan dictator Yoweri Museveni provided the humour at Commonwealth Heads of Government Meetings.

Leaders with people skills and networks have a distinct advantage in getting things done because personal relationships can drive foreign relations. Trudeau's

“ Trudeau intended to project that “Canada is back,” re-assuming its role as a constructive multilateral activist. He also meant to begin to build his international network. ”

natural outgoing warmth, especially in one-on-one situations, is a real asset. He is different from his father, whom he does not imitate. But he knows that Pierre Trudeau's network of like-minded leaders, whom Justin jokingly recalls as "all his 'uncles'" spanned the globe—Sweden's Olaf Palme, Tanzania's Julius Nyerere, François Mitterrand, Jimmy Carter, Aleksandr Yakovlev, and Jamaican Michael Manley. His father's key relationships were purposeful: Pierre Trudeau went sailing with Helmut Schmidt in the Baltic in 1978 and came back a convert to financial austerity. He teamed with Lee Kuan Yew of Singapore and Australian PM Bob Hawke to rejuvenate the Commonwealth. California's Jerry Brown was his ally on the risks of nuclear miscalculation. Gerald Ford got Canada into the G7. Fidel Castro enabled an exit strategy from the FLQ crisis in 1970. Prime Ministers Mulroney and Jean Chrétien also developed vital personal relationships well beyond their well-known chumminess with US presidents, and through them greatly strengthened Canada's influence.

Justin Trudeau knows his father's lofty intellectual discourse could turn some others off—Margaret Thatcher, Indira Gandhi, Richard Nixon, and if not Reagan himself, people around him. He won't make the same mistake, not because he is less assertively intellectual—though he is, mercifully—but because he reads people far better than his father did.

This trip would be Justin Trudeau's investment in future relationships of consequence to his goals, starting with our neighbourhood. He knew the session with President Obama could be a game-changer for a bilateral relationship that had become barren at the top. After being up-front about a change in Canada's military contribution to the fight against ISIL,

he pledged to work with Obama for real change in the energy/carbon swirl of issues. Obama has since invited the younger man for a state visit in January, an opportunity for Trudeau to ensure the man at the top will prevent the self-involved US political process from side-swiping Canadian interests the moment the red carpet's been rolled back up.

“ Leaders with people skills and networks have a distinct advantage in getting things done because personal relationships can drive foreign relations. Trudeau's natural outgoing warmth, especially in one-on-one situations, is a real asset. He is different from his father, whom he does not imitate. ”

Trudeau widened that encouraging mutual engagement to include President Enrique Peña Nieto, who was elated at the removal of the grating visa requirement for Mexican travelers. He had a warm meeting with Angela Merkel, an extended working lunch with François Hollande, and bonded with Generation-X age-mates David Cameron of the UK and Italy's Matteo Renzi. Add new Australian PM Malcolm Turnbull and King Abdullah of Jordan—a key partner for refugee plans—and Trudeau's own network began to take shape, reinforced by colleagues at the Commonwealth Summit, and especially by the new secretary-general, Dominican-British

Patricia Scotland, who may be able to lift the organization from a long slide into marginalization.

Meetings with Israeli Prime Minister Benjamin Netanyahu and Ukraine's Petro Poroshenko were politically mandatory, while strategic interests engaged a warm Xi Jinping and a cool Putin, which was the only fractious encounter. Putin didn't welcome hearing Trudeau's opposition to Russia's action in Ukraine, or his position that sanctions remain until Russia meets its commitments on the Minsk II agreement.

Trudeau knew he could only make a first impression once, and would be tested on substance. Apart from the Paris climate change meeting, the substance in the bureaucratically prepared meeting agendas was underwhelming. The G20 has failed to break the policy logjams. But Trudeau's presentation on Canada's investment in infrastructure as a stimulus to growth won plaudits from fellow political deciders.

The meetings' real substance was driven by events.

At the G20, terrorism in Paris launched a wide-ranging discussion of the need to confront and defeat ISIL, while engaging the global refugee crisis, so aggravated by the seemingly intractable Syrian civil war. Trudeau's first reaction to the Paris outrage could have been sharper but his message of welcome for Syrian refugees was a confidence-building boost to the pull factor in the refugee dilemma, even if our situation, with the luxury of screening candidates from refugee camps, is hardly comparable to the challenges of Germany, Sweden, and others inundated by a mass exodus of millions of refugees that seems to obey a momentum and logic of its own.

The resolution of the Syrian refugee crisis demands peace in Syria. But Russia rejects the US line that "getting rid of Assad" is the answer or even a legitimate goal that complicates the outcome, given that Assad's army is also under siege from ISIL. Russia's entry into the civil war with tactical combat air support of Syrian troops has probably stalled ISIL's expansion but provokes the US because the

Russians also targeted non-ISIL opponents of their ally Bashar al-Assad. The need to align priorities and purposes certainly drove the pull-aside talks between Obama and Putin and preoccupied others.

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No one holds that the US-led air war alone can defeat ISIL. A UK analyst observed there are now "more planes in the air than there are targets available."

Nonetheless, Canadian pundits slammed Trudeau for withdrawing Canada's CF-18s from the air war while others are ramping up in the wake of the Paris attacks, though their ramps are pretty symbolic. His wasn't a snap decision. No topic received more attention in Trudeau's preparatory consultations in his foreign affairs advisory council (of which, full disclosure, I was a member). No one wanted to rain on Obama's upbeat evaluations of the airstrikes or on Canadian efforts, but our aged six CF-18s seemed statistically incidental to a military success that would have to rely on the disparate and frequently competing ground forces from Syria and Iraq, including the fairly effective Kurdish peshmurga Canadians have been training. The value of expanded training was understood by Canada's allies but Canada has to make it militarily significant. The West initially underestimated ISIL and there has

to be a Canadian contribution that meets the revised reality.

In terms of broader messaging, Canada's best international brand in my experience has been our ability to manage pluralism, which Trudeau articulated impressively, especially for the Commonwealth. Other leaders respect it because many of them are sitting on top of powder kegs of sectarian unrest.

The Paris COP meeting was expected to be a watershed event, billed as the last hope for remediating the threat of climate change. Trudeau met key holdouts such as India's PM Narendra Modi. He publicly channeled his "Canada is back" commitment—Canada will reassume its abandoned vocation for constructive multilateral solutions to critical world issues, backing it up with a \$2.65 billion financial package for developing countries.

The standing ovation he received in Paris shouldn't surprise. Even national leaders looking primarily to their own interests welcome fair-minded mediation and effective multilateral agencies. Canada's withdrawal from the field had left a void in creative leadership that Trudeau has promised to fill. A US observer remarked "Trudeau is what we thought Canada was."

Back home, Canadians were encouraged by the sight of a national delegation bringing together provincial premiers and federal opposition leaders (though not the Conservatives). Moreover, Trudeau and Quebec Premier Philippe Couillard formed a single team in France, a great relief for those scarred by "les guerres triangulaires."

Given that Trudeau's message was the need for inclusivity, there was an existential symbolism in the creative and committed Canadian spirit on display. Long may it last. **P**

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Interim Opposition Leader Rona Ambrose has successfully changed the tone of Conservative Party messaging—“a sunnier way of communicating,” as Yaroslav Baran writes. iPolitics photo

After the Fall: Lessons Learned and Renewing the Conservative Brand

Yaroslav Baran

In the weeks since they were swept from government, the federal Conservatives have already begun to formulate a post-Harper identity based on an interim leader who presents a stark contrast from Harper in both optics and tone, and on an energetic opposition to the Trudeau Liberals in the brief end-of-year sitting in the House. Veteran Conservative strategist Yaroslav Baran outlines how the party should expand on those fronts while also absorbing the invaluable lessons of defeat.

It is a fact of history that the Liberal Party has governed Canada for most of our country’s history since 1867. There has been much discussion in recent years, however, reflecting on whether the Liberals’ “natural governing party” status is obsolete, and whether the 21st century would reveal new trends.

Indeed, it has been posited that the old paradigm of an Upper-Canada/Lower-Canada “Laurentian Consensus” is an outdated model that does not reflect the emergence of strong new economies in the West and the dramatic reversal of

fortune—and political clout—of the old have-not provinces of Newfoundland and Labrador and Saskatchewan. Moreover, it has been argued that a smarter political integration of new Canadians would reveal that many immigrant communities' personal and collective values are in fact more in line with contemporary conservatism than with latter-Twentieth-Century liberalism. Former Conservative Leader Stephen Harper, in fact, made it his legacy goal to entrench his party as the new natural governing force for this century.

Yet, just as the evidence started to support the theory of a structural political realignment on a level stronger than speculation or wishful thinking, the 2015 election came along and seemed to suddenly revert the federal political power structure to pre-Harper and pre-Conservative-merger norms. A majority Liberal government emerged with a power base in Ontario and Quebec, a clean sweep of the Atlantic, and a record win in B.C. The election saw the Conservatives split the Western urban vote with the Liberals and the rural B.C. vote with the NDP—a shocking jolt on both fronts.

The consensus thus far has been that the Achilles heel of the Harper government was a lethal combination of arrogance and a consistently angry tone. That the decision-making at the centre was hijacked by a group ever-intent on pandering to some mythical “base” which sought nothing more from government than simplistic populist messaging, more and more tax cuts, absolute institutional iconoclasm, and a steady diet of mandatory minimum sentences—whether or not the offences in question have even been committed in the last hundred years.

Something happened. Somewhere along the way, a government that had been elected on themes of respect, anti-corruption, transparency and ethics, evolved into a caricature that started to repel many of its former adherents—to say nothing of the undecided or swing voters who determine which party takes the

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sceptre. Add to that a campaign team built more on personal fealty than merit, and you end up with a recipe for disaster.

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The Conservative Party must now embark on an exercise in renewal—it must refine the articulation of its values, find its voice, and engage in repairs. The party is not, however, in a state of crisis, as many have argued—it holds Official Opposition status, has a robust caucus of 99 MPs, and finished a mere 7.5 percent behind the Liberals, who formed a strong majority government. This is a strong base from which to rebuild. It would be an overstatement to suggest that the Conservatives were trounced in the campaign, or left broken and in despair. They are well ahead of the position in which the Liberals found themselves in 2011.

That said, these important periods of reflection and renewal must be taken seriously, and they must be done right. Just as they can lead to

a renewed road to governance, they can also be tragic lost opportunities if parties fail to sufficiently take stock of circumstances and learn from mistakes. So what does the Conservative Party need to do?

The first important tenet is that there are no quick fixes in politics. The Liberals spent a long period in the wilderness, arguably longer than they needed to because many in the party thought the issues were limited to finding an ideal public spokesperson. Only after experimenting with several quick-fix leaders did the Liberal Party realize it had significant structural problems that actually needed to be addressed: an outdated fundraising model generating anaemic results, lack of a national Voter ID system, and a need to refresh policy to bring it more in line with the interests of a new generation of party faithful. Similarly, the Conservatives must look beyond merely identifying a new leader as chief marketer. The party must reflect on what it has done wrong, and on what it has done right—and improve both.

Today's Conservative Party faces a real fissure of regional alienation—particularly in Atlantic Canada—but also in the most urban metropolitan areas. To regain its prominence, it must find a way to not only market itself to these areas, but to actually incorporate these regions' interests and views—while not becoming Liberal Lite in the process. Such enterprises succeed by reaching out and growing the membership to include a more regionally balanced foundation, and by ensuring that the champions of key demographic interests be included in the policy decision-making triage.

I was born and raised in Hamilton. My grandfather was born in Cape Breton. Both regions must feel just as

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much at home in tomorrow’s Conservative Party as the financial wizzes of Bay Street, the libertarians of Calgary, or the retired hobby farmers of the Okanagan. The Liberal Party did not win by selecting which strain of liberalism should be dominant under the next tenure—it found a way to accommodate them all.

Second: Parliament matters. I have already heard analyses concluding that the Liberal win in 2015 suggests that Parliament is irrelevant and that a party’s road to power lies entirely in outreach on the street. This could not be further from the truth. In fact, it could be argued that the Liberals benefited from the NDP’s diligent and systematic performance in opposition, gradually and competently eroding a stale Conservative government’s hold on power. It may have been another party doing the heavy lifting in the House, but that diligent hounding of government by opposition was essential to weakening the Conservatives sufficiently to create an opening for another party to take the reins.

The Conservatives must take their Official Opposition role seriously, and put in the work. This means also re-learning the opposition craft. A decade of political staff has come and gone, knowing how

to macro-manage, but spoiled by the support of the vast public service. In opposition, you can’t phone the work downstairs. There is no downstairs. You do your own research, your own writing, and your own analysis. They need to rehire the old pros who know how to file Access to Information requests, write original copy quickly, and think quickly on their feet without a safety net.

Complacency and arrogance are additional political vices that must be guarded against at all costs. In 2006, the Liberals did not truly believe that they could lose to the Tories. They may have been weakened last time around, but by pulling out the old bag of tricks—spending promises, an appeal to values, and an aggressive negative ad campaign, they would surely once again hold the Conservatives at bay. Under the radar, however, the Tories had honed their skills and style. They adopted a far more disciplined and targeted strategy, revolutionized ground game processes, and flipped the lengthy nine-week writ period to their own advantage by setting the narrative. Similarly, the Liberals surprised the Conservatives in 2015 by leap-frogging over the “perfected” Conservative Voter-ID and GOTV machines with a combination of innovation and perseverance. Just because you invented or perfected something, doesn’t mean your opponents won’t learn, emulate and improve on your systems for the next time around. The NDP surpassed Conservative tech fundraising innovation in 2011, and the Liberals surpassed the Tories’ ground game mastery in 2015. Complacency is fatal. Politics is often compared to a shark tank, and we all know a shark can’t sit still—or it drowns.

Another prescription is to take the time to fully analyze and reflect upon the lessons of 2015. The Conservative Party has a convention scheduled for May. The party would be wise to avoid any calls for turning this into a rash leadership convention. It would also be wise to avoid calls to scrap or defer the pan-

Canadian meeting, and to repress the collective catharsis that parties need to go through before they can move on. Keep the convention, allow members an opportunity to think freely, speak freely and be heard; complete the election post-mortem, let members digest it, and only then launch a formal leadership campaign once party members have had an opportunity to reflect on what their party needs.

The final critical point is one of tone. In the two months she has occupied the post, interim leader Rona Ambrose has astounded many—Conservative and non-Conservatives alike—with the success of a sunnier way of communicating. With slight tweaks of tone, banishing the anger and finger pointing, and an overlay of sophistication, she has successfully relayed virtually identical policy, but in a way that exudes reason, compassion and common sense. As one observer put it, “It’s amazing what you can accomplish when you simply decide to stop being a jerk in your delivery.” Every party has its structural handicaps. While the left must work harder on competence, the right has to pay special attention to empathy. This lesson cannot be lost on the next regime.

Just as Wilfrid Laurier predicted in his day that the next century would be Canada’s, Stephen Harper thought the next hundred years, politically, would belong to the Conservatives. It is precisely at such times of transition that parties determine their future track—success or failure, lessons learned or mistakes repeated. With sufficient attention, patience and wisdom, there is no reason we can’t realize both Laurier’s and Harper’s visions in the 21st century. **P**

Yaroslav Baran advised former Conservative leader Stephen Harper through both his successful leadership campaigns, and ran party communications through three Conservative national elections (not the last one!). He is a partner with Earncliffe Strategy Group. yaroslav@earncliffe.ca

Paris, France



The Canadian delegation to Paris represents the federal-provincial nature of the climate change challenge. Prime Minister Justin Trudeau with (from left) Alberta Premier Rachel Notley, B.C. Premier Christy Clark, Ontario Premier Kathleen Wynne, Quebec Premier Philippe Couillard, and Saskatchewan Premier Brad Wall. Adam Scotti photo

From Copenhagen to Paris: The Hard Work of Multilateralism

Velma McColl

Bravo for French diplomacy: it fashioned success where others have failed. Paris was a master class in multilateral negotiations—not simply for the work at Le Bourget, but for the preceding year of travel, building relationships and understanding that trust is the beating heart of good diplomacy and good government. Velma McColl was there, and files this report on the historic context and ramifications of the Paris Agreement.

The seeds of success at COP21, the international climate negotiations in Paris, were sown in the disappointments of six years earlier. In 2009, many claimed the chaos surrounding COP15 in Copenhagen marked the end of multilateralism—a fatal blow to the UN. It seemed to speak to the futility of trying to bridge so many interests, so many regional voting blocks, that no agreement could possibly be crafted to meet all the multilateral conditions for a global climate deal.

For many, it was a final proof, after years of experimentation and incremental successes, that national interests would always trump a global good, thwarting collective climate action into the foreseeable future. There was plenty of finger pointing at governments, but also outside actors recognized that they had, perhaps inadvertently, undermined political will, contributing to the collapse.

And yet, as the Venezuelan negotiator who blocked Copenhagen suggested, the strongest elements of the Paris

agreement would not have been possible without the hard work and understanding of the COPs in Cancun, Durban, Doha, Warsaw and Lima. Each was a redemptive building block on the path to diplomatic, business and environmental success in Paris.

At its most basic, Copenhagen was supposed to shift gears from the Kyoto Protocol era (covering 2008 —2012, 30 per cent of global emissions, developed countries only) to a broader, more inclusive set of long-term climate actions for 2020 and beyond. Beneath that simple goal are several challenging and interdependent concepts, each one addressed by the unprecedented Paris Agreement, which binds 196 countries together into a unified matrix of progressively stronger climate action, starting in 2020, and with ambitions extending out through the middle of the century.

Looking back, it is not surprising that countries were too deeply divided when they arrived in the Danish capital in 2009. It was likely naïve to expect otherwise. The

world was dealing with the fallout of the economic crisis and the five key UN regions—Africa, Asia-Pacific, Eastern Europe, Latin America/Caribbean and Western Europe/other (including US, Australia, New Zealand)—saw the next 10 to 20 years very differently. Not to mention that countries like India, Brazil, South Africa and the other emerging players were already economically stronger than in 1995. In the same period, China became the world's second-largest economy and the largest single greenhouse gas (GHG) emitter.

Developed countries, including the EU nations, Canada and the US, also increasingly understood that taking domestic action to reduce GHGs, whether through regulation or a carbon price, created competitiveness issues and first mover disadvantage in global supply chains. If all countries did not act in concert, there were worries that carbon 'leakage' and border tax adjustments would penalize some. The economic and environmental benefits of coordinated global action became more obvious to sectors and industries, though they still lacked policy direction to make investments in new long-run capital stock for electricity generation, transit, renewables and manufacturing.

Over the last twenty years, the science and the visible impacts of climate change have been mounting. With increasing hurricanes, sea level rise, melting glaciers in the Arctic, changes to natural landscapes, loss of forests and shifts in agricultural production, all countries understood that climate change was not just about reducing GHGs (mitigation), it has become increasingly about adaptation—nowhere more urgently than in parched countries in Africa and shrinking small island states. These countries became more influential post-Copenhagen, regardless of the size of their GDP, culminating in the Paris commitment to “limit temperature rise to well below 2 degrees Celsius” and make efforts to limit it further to 1.5 degrees.

Looming over all climate negotiations is a concept, embedded in Kyoto, that

the developed world is responsible for accumulated global GHG emissions in the atmosphere and should therefore act first and largely alone—represented by ‘common but differentiated responsibilities’ in the legal texts. While developing countries did not dispute the historic facts, even acknowledging they should act first, it became increasingly difficult to support any post-2015 deal where they were acting alone. At the same time, developing countries appropriately argued that any new deal needed to allow a “differentiated” response, allowing the world's poorest countries to respond on a separate timetable than the richest.

This brought the concept of climate finance into the picture in 2009, acknowledging that poor countries would need support from rich countries—a kind of global equalization payment—to allow the transition to a low-carbon economy. The rationale for creating a US \$100 billion annual Green Climate Fund is essentially that developed countries that achieved their economic growth over the last century through carbon-intensive energy should support developing countries that would be denied access to the same cheaper, carbon-based economic growth. The idea is that governments along with the World Bank, IMF, businesses and other investors would help finance step-change, low-carbon systems—with the related sustainable development and poverty-alleviation benefits.

When climate financing entered the picture, governments were admitting that capital needed to be mobilized, beyond the resources available in public coffers. The private sector needed to play a much stronger role in any future. Since Copenhagen, the international business and investment community (banking, insurance, fossil fuels, renewables, manufacturing, clean tech) voices have grown progressively louder asking for clear policy signals including a price on carbon. Canada's own conversation on carbon pricing was paralyzed by the Green Shift debate in the 2008 election and nothing more federally,

though provinces introduced prices in B.C., Quebec and Alberta with Ontario and Manitoba moving to cap-and-trade systems.

So with all the threads of a global climate deal now woven together, we are pointing all of the world's economies toward a common, low-carbon future. This also creates a fascinating challenge to everyone—young and old, rich and poor—to be creative, to innovate, to find the smart phone equivalent that will help decarbonize our lives.

While not obvious over six years to the untrained eye, we can now see the larger tapestry showing that Copenhagen-to-Paris strengthened the fabric of a global deal, making it more colourful, more diverse, more durable. The new deal is supported by governments, by a wide array of political, social, religious, environmental and business actors, by a common desire to leave the planet in better shape than we found it. Even Pope Francis weighed in, seeking intergenerational justice for Mother Earth.

And to those who say it is not ambitious, look again. Consider how the interlocking pieces work together, what the impact will be over decades. Think about how transparently reporting the PM2.5 levels in Beijing changed China's cultural norms about air pollution within five years.

Canadians are fascinated by the weather. Imagine when we can transparently track emissions on a global scale on mobile screens. Consider what the Paris Agreement might mean to the lives of our children in five, 10 or 30 years. It's not perfect but it puts us on a common, regenerative path.

Only history will know whether Paris marked a turning point for the planet. In the meantime, Canada has its work cut out to create a multilateral deal across our own federation. Let's see if we can repeat the French success. **P**

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Guest Column / Elizabeth May

The Achievement of the Paris Agreement

It is Sunday in Paris, the day after the tumultuous conclusion of the 21st Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change (UNFCCC).

In many ways, it was not the conclusion of a two-week conference, nor even of the four-year Durban Process that emerged from the ashes of the disastrous 2009 Copenhagen COP. It was the first substantial step toward meeting the goals of the 1992 UNFCCC since Kyoto in 1997.

It is easy to lay the failure of previous efforts on the structure of the agreements themselves. In other words, Kyoto gets blamed for Kyoto. But the architecture of the Kyoto Protocol was identical to that of the Montreal Protocol, the successful environmental treaty that saved the ozone layer. The emergence of the principle of “common but differentiated responsibilities”—that industrialized countries should go first—was born in Montreal.

The United States under George W. Bush managed to demonize the idea as unfair to the US, then the source of 25 per cent of all GHG pollution. Canada under Jean Chrétien battled to save Kyoto globally, delaying action domestically. By the time Paul Martin’s government brought in a reasonable climate plan, it was 2005 and Canada was about to be plunged into nearly 10 years under a prime minister who opposed the idea of global action to confront climate change altogether.

Had Kyoto been honoured globally, we would be in a far less dangerous world today.

What was achieved in Paris can be viewed through a number of lenses. At the

level of multilateralism, COP21 was an unqualified success. The United Nations has proven that we can still talk to each other. As the world pitches more dangerously toward a hot war in Syria, it is nearly a miracle that Iran, Turkey, Russia and the US can all negotiate in polite terms over the removal of square brackets around disputed sub-clauses.

At the intersection of climate science and politics, the meeting was also a success. The final text benefits from including real numbers—it specifies a global emissions figure for 2030 (55 Gt.). And in a major advance over what was expected, the world accepted that a 1.5 degrees Celsius global average temperature increase was a far safer level of increase to avoid than the 2-degree level that has been accepted since Copenhagen.

Another innovation that bodes well for the Paris Agreement is that it will be legally binding on the United States without the requirement to be ratified in the US Congress. If any one thing was the undoing of Kyoto, it was that the Clinton administration realized it did not have the required votes to gain two-thirds Senate approval and never tried to obtain ratification. The George W. Bush Administration then announced it had no intention of ever trying. The Paris Agreement has been carefully negotiated to avoid any triggers to require US ratification. The White House will legally accede to it as an extension of existing commitments of the UNFCCC, already ratified under the first President George Bush.

Unlike Kyoto, it does not make specific pledges to reduce by X amount by year Y. While that is seen by many as a weakness, everyone agrees that it would spell catastrophe if the current

weak pledges were cast in stone. The aggregate of current promises, if kept, would take the world to anywhere from 2.7 to 3.5 degrees above pre-industrial levels.

Instead, the pledges are housed in a public registry at the secretariat for the UNFCCC. Countries can replace their promises any time with promises to do more. So far, 188 countries have made pledges (known as INDCs—intended nationally determined contributions. France was the first country to commit that its existing INDC would be revamped and improved. Canada’s INDC is the one left behind by the previous government. Obviously, it must be replaced quickly through the process Prime Minister Trudeau has promised within 90 days of the end of COP21.

The hope of the Paris agreement lies in its system of “pledge and review.” On a regular schedule of every five years, all nations’ targets, their collective progress and the impact in terms of emissions and temperature will be collectively and publicly assessed under the terms of the agreement. A core principle in the Paris Agreement is of “no backsliding.” Targets must be continually ratcheted up.

It is urgent that the process start. Having regained our international reputation in Paris, Canada needs to do much more. When the UN hosts a high-level signing ceremony for the Paris agreement on April 22, 2016—Earth Day—let’s hope our provincial and federal collaboration allows the Prime Minister to deliver to the world Canada’s new and more aggressive plan to do our fair share. **P**

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Anatomy of a Corporate Makeover

Kelvin Dushnisky

As the gold mining industry grapples with one of the most challenging metal price environments in recent memory, Barrick Gold President Kelvin Dushnisky tells how his company is responding by fundamentally changing the way it operates, transitioning to a decentralized business model and reclaiming the qualities that made it the world's leading gold producer. Known historically for being a lean, nimble company that thinks outside the box while consistently generating wealth for its shareholders, Dushnisky writes that Barrick is on its way to becoming that company again.

More than 30 years ago, when gold was out of favor and its prospects dim, Peter Munk saw an opportunity and started a gold company. Barrick Gold Corporation went public in May 1983, and quickly took on many of the characteristics that made Peter a Canadian business icon. It was entrepreneurial, intelligent, driven and decisive. It moved quickly yet prudently to generate wealth for its shareholders. And there was an *esprit de corps* at Barrick

back then that felt more akin to a family than a company, a natural byproduct of its founding partnership culture.

In less than three decades, this tiny Canadian gold concern grew to become the biggest gold mining company in the world. This year alone, Barrick expects to produce 6.0 to 6.15 million ounces of gold, and on the order of 500 million pounds of copper. The company is proud of its heritage and the core principles that

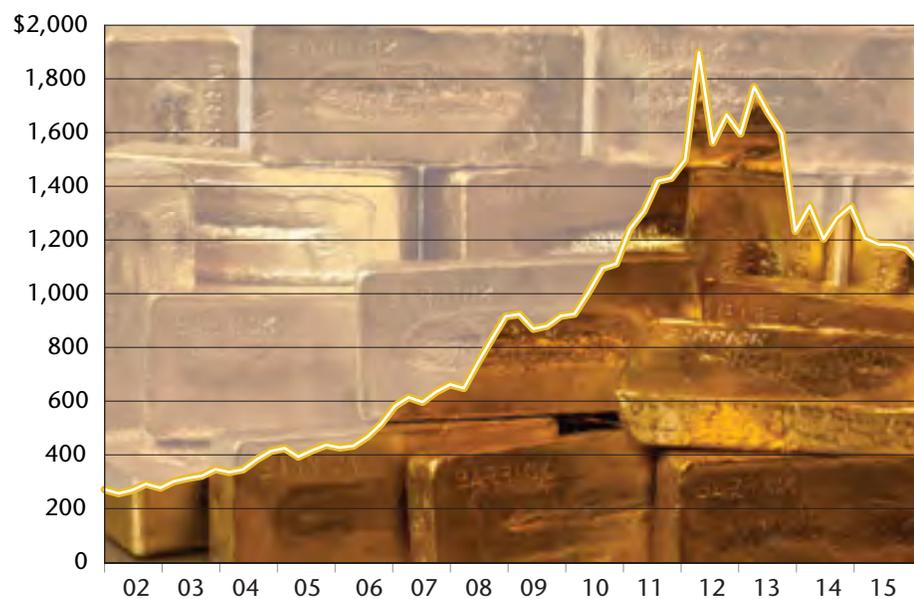
helped make it great, but the reality is that, as gold went on its unprecedented ascent during the first decade of the new millennium, Barrick began to stray from those principles. Like many of its peers, the company became almost single-minded in its pursuit of production—regrettably, not always profitable production.

“ In less than three decades, this tiny Canadian gold concern grew to become the biggest gold mining company in the world. This year alone, Barrick expects to produce 6.0 to 6.15 million ounces of gold, and on the order of 500 million pounds of copper. ”

In 2013, gold's 12-year bull run ended, and it did so abruptly and emphatically. The gold price fell nearly 30 per cent that year alone, and it has not recovered. During the initial stages of this gold price reversal, Barrick's costs continued to rise. Compounding matters, the company experienced large cost overruns at its Pascua-Lama project, and it took on substantial debt to fund the acquisition of Equinox Minerals—a copper company whose flagship asset was the Lumwana mine in Zambia.

This confluence of events thrust Barrick into the most challenging period in its history. It became clear that, to endure and emerge stronger, the company needed to plot a new course and recapture the qualities that drove its early success. Barrick's senior leaders engaged deeply with people throughout the company and leading minds outside of it to reconnect with the company's core DNA. This analysis

Gold spot price in US dollars per ounce



led to the following conclusions: at its best, Barrick was a lean, nimble and entrepreneurial company with little bureaucracy to impede decision-making. The company's primary purpose was to generate wealth for its shareholders, employees and host communities and countries. Management's interests were aligned with shareholder interests because a large portion of management's wealth was tied up in Barrick. The company maintained a decentralized operating model that included a small head office to set strategy and allocate capital, and mine operators with the autonomy to make decisions aimed at maximizing free cash flow. Barrick's people worked in partnership with one another and with external stakeholders, safeguarding the environment and sharing benefits with host communities.

This is the company that we are working to rebuild; the one that Peter Munk and his colleagues made a world leader. The makeover has been ongoing for well over a year now and rests on four strategic pillars:

- Streamlining and decentralizing the organization.
- Strengthening the company's balance sheet, including reducing debt by \$3 billion in 2015 as a first stage.
- A focus on capital discipline and increasing free cash flow per share.
- Reconfiguring the company's mine portfolio to focus on Barrick's best assets in its core regions in the Americas.

While there is still much heavy lifting to be done, the company is making significant progress on all of these fronts. The decentralized operating model that once characterized Barrick has been recreated and updated. Since 2013, staffing levels at the company's head office in Toronto have been reduced by more than half—from 370 to 150. The company has also closed regional offices and eliminated a series of management layers across the organization.

The result is more direct communication between head office and the

mines, which allows senior management to obtain information quickly and set strategy and allocate capital more effectively. At the same time, the decentralized model has empowered the company's mine managers to run their operations as businesses focused on increasing free cash flow and profitable production—just as Barrick's operational leaders used to do.

Creating shareholder value by growing free cash flow was once the overriding priority at Barrick. It is now our overriding priority again. The company has set a target of increasing free cash flow by \$2 billion by the end of 2016. To date, we have already booked \$1.8 billion or 90 percent of this target into our plans, including \$400 million in 2015 and \$1.4 billion in 2016. We are doing this by lowering corporate costs, as well as capital spending and operating expenses.

But it's not only about cost cutting; Barrick is also becoming more efficient and more innovative. The company is figuring out how to do more with less by improving maintenance practices, looking at different mining methods, and finding ways to better manage its energy needs—which remains one of Barrick's biggest costs despite the decline in the price of oil. This provides the company with greater flexibility today and better positions it to capitalize on the strength of its asset base when metal prices recover.

Another critical element of the makeover is restoring the company's balance sheet. As an initial step, the company committed to lowering its debt in 2015 year by \$3 billion. In December, Barrick achieved its target. All told, the company has announced asset sales, joint ventures and partnerships worth \$3.2 billion in 2015, allowing the company to achieve a 24 per cent reduction in total debt.

This brings to mind yet another Barrick trait that the company is working to recapture: strong execution. Quite simply, to regain our credibility, we must do what we say we are going to do. Realizing our debt-reduction goal

was an important achievement in this regard.

In the wake of its asset sales, Barrick has, by design, become a smaller company focused on a higher quality portfolio of assets in its core region in the Americas. The company's five core mines—Goldstrike, Cortez, Pueblo Viejo, Lagunas Norte and Veladero—are all located in North or South America. They are some of the largest and lowest cost gold mines to operate in the world.

While Barrick has a smaller footprint today, there are significant opportunities for growth. About 85 percent of the company's exploration budget this year was allocated to the Americas, half of that in Nevada. These are regions where Barrick has extensive experience, infrastructure and expertise, as well as established partnerships with governments and communities. The company's Goldrush project in Nevada is one of the biggest gold discoveries in the past 15 years, and Barrick recently announced a discovery in Chile, known as Alturas, that is geologically similar to its Veladero mine in Argentina, but with the potential to be even higher grade.

To sum up, Barrick has made enormous strides in 2015 to reshape itself into a leaner, nimbler and more profitable company. Our balance sheet is stronger and steadily improving, and we will maintain strict capital discipline even when the gold price recovers, as it inevitably will. The company is once again laser-focused on increasing free cash flow and driving down costs; and we're starting to see results. We've rediscovered who we are—and we're becoming what Barrick used to be. **P**

Kelvin Dushnisky is the President of Barrick, responsible for overall leadership of the organization and execution of the company's strategic priorities. His previous roles at Barrick include Co-President and Senior Executive Vice President with global responsibility for Government Relations, Permitting, Corporate Responsibility, Investor Relations and Communications. He has been with Barrick since 2002.



Legislation requiring railways to meet demands of shippers such as the grain industry can have unintended consequences in the supply chain.
CN photo

Rail Legislation: Unintended Consequences

Jean Patenaude

Canada's National Transportation Policy sets out to create a competitive and efficient transportation system based on market forces. But as Jean Patenaude writes, recent legislation to improve rail service goes against that policy, and has consequences for railways and shippers alike.

For railways in Canada, providing suitable service to all of their customers isn't only good business. It's the law.

For more than a century, Canadian railways have been legally required to move goods offered to them by their customers. Sections 113 to 115 of the *Canada Transportation Act* (CTA), often referred to as the railways' "common carrier obligations," compel railways to "furnish adequate and suitable accommodation for the receiving and loading of all traffic offered for carriage."

Despite various reviews and numerous amendments to railway legis-

lation during the last century, the wording of the level-of-service obligation provisions has remained relatively unchanged. Under these provisions—part of a regulatory framework based on competition and market forces—Canada's railways provide efficient, low-cost service to customers, while generating the revenues needed to grow their network.

However, over time, shippers have complained about inadequate or inconsistent rail service, leading to questions about what, in fact, are the service obligations of railways. These complaints have resulted in government initiatives, and subsequent leg-

isolation, favouring regulation over commercial forces. Despite the conclusion of the last statutory review of the CTA in 2001 to the effect that “Canada’s rail freight transportation system works well for most users most of the time” and that “the basic elements of a competitive and efficient rail transportation system are in place,” the federal government proceeded to make amendments which expanded the authority of the Canadian Transportation Agency (the Agency) in resolving rail service disputes. The Rail Freight Service Review (RFSR) and the subsequent Dinning Facilitation Process proposed the development of a service agreement template and a dispute resolution framework to resolve complaints about railway services.

Recent government decisions have also introduced new regulatory restrictions and further expanded the reach of existing remedies available to shippers. The *Fair Rail Freight Service Act* of 2013, gives shippers the right to request a service level agreement (SLA) with railways—stipulating specific performance standards for receiving, loading, carrying, unloading and delivering traffic—and establishes an arbitration process in the event the shipper and the railways cannot agree on the terms of the SLA.

In 2014, grain transportation issues, caused by unusually harsh winter weather and an unforecasted 50 per cent increase in export grain volumes, led the government to introduce Bill C-30, the *Fair Rail for Grain Farmers Act*. This legislation gives the Agency the authority to define the specific railway operations for inclusion in service agreements. It also gives the minister of transport the authority to order Class 1 railways to move minimum volumes of grain each week, and to impose financial penalties in the event of a railway’s failure to do so. The legislation also extends the distance limit for inter-switching—the switching of traffic at regulated rates between a local railway’s line and the line-haul carrier’s

“Not only does recent legislative action encourage detailed government intervention and threaten to hinder the efficiency of the rail-based supply chain, it has resulted in a piling up of shipper remedies that are disconnected from commercial reality.”

line—to 160 km from 30 km in the Prairies.

The CTA has been amended four times since 2007, mostly in response to specific issues, with each change introducing additional regulatory measures or remedies. The current CTA review undertaken by former industry minister David Emerson—whose report should be released imminently—provides an opportunity to examine how recent amendments have been implemented, and to consider the extent to which they have furthered the goal of the National Transportation Policy to achieve a competitive and efficient transportation system based on competition and market forces. That policy states that regulation and public intervention should only be used as a last resort and, in the words of 2001 CTA Review Panel, “should be used only to solve instances of market failure.” Where public intervention is required, it should foster and be consistent with commercial outcomes, not undermine them.

Not only does recent legislative action encourage detailed government intervention and threaten to hinder the efficiency of the rail-based supply chain, it has resulted in a piling up of shipper remedies that are disconnected from commercial reality. Prior to the enactment of the *Fair Rail Freight Service Act*, shippers had the ability to raise service issues through Final Offer Arbitration (FOA) provisions. The FOA process establishes a connection between rates and service by allowing a shipper to raise either or both elements within the same process. Most shippers, however, have only used this recourse to establish a rail

rate. They have expressed concern that using this process for service issues might compromise their ability to obtain the lowest rate possible. The resulting situation is that, in the event of a disagreement between parties, one arbitrator will set the terms and conditions of service (i.e. through SLA arbitration) and a different arbitrator will set the rate in separate and independent proceeding (i.e. through FOA). Whether purchasing transportation services or any other type of service, terms and conditions of service and rates are inescapably linked. Yet, the divorce between service and pricing was the result when the *Fair Rail Freight Service Act* came into force.

Another consequence of the SLA provisions of the *Fair Rail Freight Service Act* is that they create a silo approach. Each shipper’s level of service is established in isolation, without consideration for the overall supply chain. Railways have used the “bus vs. taxi” analogy to illustrate this issue. As with a bus system, railway services are designed to best accommodate the overall needs of all the users of the specific service. The service-arbitration process should recognize this aspect of railroading, and should not be used to restructure the bus service to meet the needs of a specific shipper at the expense of the others.

In recent years, Canada’s railways have taken the initiative, often in collaboration with other logistics partners, to improve service for the benefit of the supply chain. With respect to grain transportation, for example, CN has introduced an initiative through which customers can

incorporate private cars into the railway's fleet, in return for a commercial, year-round business and volume commitment. CP has implemented a program for its grain customers designed to better align supply and demand, as well as drive reciprocal accountability and provide greater certainty for customers.

Contrary to allegations by shippers that legislation and regulatory measures are required to force railways to address service issues, the above initiatives are clear examples of the railways' attempts to address issues through innovative programs and service offerings.

Previous reviews of the CTA undertaken by the federal government have confirmed that the vision for transportation policy based on competition and market considerations is the right transportation policy direction for Canada. These reviews documented the benefits accrued by

“ *By decoupling railway service and price, these regulatory measures undermine, and indeed, contradict the fundamental principles of commercial and market-based considerations set out in the National Transportation Policy.* ”

shippers, carriers and the overall Canadian economy as a result of replacing detailed regulatory controls with a reliance on market forces.

However, recent legislative action (the *Fair Rail Freight Service Act* and the *Fair Rail for Grain Farmers Act*) has reversed this trend by encourag-

ing detailed regulatory interventions. These new measures are available to all shippers without prior conditions or thresholds, and not only as a last resort in the event of abuse by a railway. They also transfer detailed operational decisions away from railway management to an arbitrator/regulator with little to no consideration for the network nature of railway operations, and for the impact on other users of the service. As a result, the remedy imposed by the regulator in one case can create service issues for the other users of the service, leading to additional complaints. Finally, by decoupling railway service and price, these regulatory measures undermine, and indeed, contradict the fundamental principles of commercial and market-based considerations set out in the National Transportation Policy. **P**

Jean Patenaude is a former lawyer for CN, and former vice chairman of the Canadian Transportation Agency.

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We are more than daily news



Innovation is the key to growing the economy, says CIBC President Victor Dodig. Canadian Club of Ottawa photo

Building Canada's Modern Economy

Victor G. Dodig

Canada's prosperity has rested for decades on the boom-bust cycle of commodities and a discounted Canadian dollar that's provided a competitive advantage in the global marketplace. Canada is at a defining moment in its history, where with the right policies and committed leadership, its economy can realize its true potential. CIBC's President and CEO Victor G. Dodig shares his ideas on how Canada can drive innovation and foster growth in the modern economy.

With a new federal government having just been sworn in, it is time for Canada to assess its economic strengths and challenges, and the choices we face in building a modern economy equipped for growth and competitiveness both at home and around the world.

Over the last decade, Canada lost 10,500 manufacturing plants or 17 per cent of our manufacturing capacity. Even with the current weakness in the Canadian dollar, it is unrealistic to think that this traditional capacity will be rebuilt. The reality is that going forward economic

growth will come from innovation across all key sectors of our economy—natural resources, financial services, real estate and broadly defined diversified sectors.

While Canada is roundly—and rightly—envied for our solid economy and how we withstood the financial crisis, we have three gaps to fill if we are going to continue to prosper and be leaders among the advanced economies:

- First, I believe we need to do a better job of building the *intellectual capital and the skills* necessary to fuel innovation and execute in a modern economy;
- Second, we need to ensure our innovative entrepreneurs are able to attract both the *formation and sustainability capital* necessary to commercialize new ideas into valuable products and services; and,
- Third, we need to ensure that we build an *innovative ecosystem* that effectively encourages and nurtures that development.

The fundamental strength of every modern economy starts with its people. As the World Economic Forum told us in a 2013 report, “The most important determinant of a country’s competitiveness is its human talent—the skills and productivity of its workforce.”

In Canada, we are not coming to this challenge from a standing start. Participation in post-secondary education has grown from 41 per cent to 53 per cent over the past decade, the highest among OECD countries. So while we are investing in our intellectual capital, how productive is this investment for the new economy?

Actually, some troubling issues lie behind those positive numbers:

- Canada has a much lower proportion of graduates in the all-important STEM sectors—science, technology, engineering and mathematics—than 22 other OECD countries;

“ We are not coming to this challenge from a standing start. Participation in post-secondary education has grown from 41 per cent to 53 per cent over the past decade, the highest among OECD countries. So while we are investing in our intellectual capital, how productive is this investment for the new economy? ”

- Only about 20 per cent of our graduates are from those disciplines; and,
- Post-secondary graduates rank 19th of 21 in numeracy, 18th of 21 in literacy and 14th of 18 in problem-solving skills.

By way of comparison, in India and China, close to 40 per cent of graduates have STEM degrees. In Germany, it’s around 25 per cent.

“ Far too many graduates don’t bring enough skills and practical experience to be ready for the modern labour force. The result is that Canadian students, by and large, are choosing an education path that is geared toward acquiring credentials, rather than on skills acquisition ”

We’re talking about the very people and very skills we need to need to lead Canada in innovation and create the high-value jobs for the future.

As the Canadian Council of Chief Executives CEO and CIBC’s board chair, John Manley recently said, “This isn’t a problem of under-investment. [But] at least at the university level, there seems to be a significant disconnect between suppliers and consumers of education.”

Far too many graduates don’t bring enough skills and practical experience to be ready for the modern labour force. The result is that Canadian students, by and large, are choosing an education path that is geared toward acquiring credentials, rather than on skills acquisition and on what the labour market needs.

So, what do we need to do?

First, we need to promote education choices that match the needs of the job market. We also need policies and models to support emerging industries that focus on creating solutions in the global supply chain as opposed to just building products. While traditional manufacturing in Canada has shrunk dramatically in recent years, there are other businesses that are creating solutions that we should look to.

Recent research by Benjamin Tal of CIBC Economics found firms that focus more and more on creating solutions as opposed to just building products, are emerging to fill some of the gap. As much as 70 per cent of the economy and 80 per cent of all jobs are in tradeable goods and services, with trade in industries like engineering, architecture, computer and financial services already almost as large as the merchandise sector. These types of companies are creating products and services many of us never imagined—and certainly never thought there was a market for.

These emerging firms share a common outlook—they are innovators. And, to put it simply, innovators are all about finding new and better ways

of creating value. In today's context, innovation is the generation, commercialization, and adoption of new ideas, processes, products, and services in the marketplace.

To support them, they require three fundamentals: skilled labour, access to expertise, and capital.

“ To put it simply, innovators are all about finding new and better ways of creating value. In today's context, innovation is the generation, commercialization, and adoption of new ideas, processes, products, and services in the marketplace. ”

First, policymakers need to look again at our post-secondary education system, which is heavily subsidized by taxpayers. We need accurate information about student enrollment in programs and employers' job-vacancy forecasts to help guide young Canadians toward programs with solid employment prospects. Canadian educators must embrace the need to develop the next generation of economic builders and business owners with the necessary practical and applied skills to turn great ideas into commercial successes.

Second, we in established businesses all need to encourage intelligent, risk-taking young people, and provide them with the resources and support they need to succeed on the business side. We can do that by harnessing their innovations to provide better services to our clients.

We have started to do this at CIBC by creating our own technology hub—casually known as #digital—that employs about 300 people in an environment more akin to a Silicon

Valley start-up than a staid Big Five bank.

Our work here is necessary to respond and adapt to the changes in our industry. Clients today expect a lot more from their bank. They have extensive and varied online experience and they are tech-savvy. They've seen technology simplify transactions that used to be complex and time-consuming in other parts of their lives.

But they will only embrace innovative technologies if they integrate seamlessly into their lives, fulfill real needs and deliver additional value.

At MaRS in Toronto, CIBC established an innovation lab, where a small team of bright young co-op students and developers created the CIBC Apple Watch Banking App. Because technical specs were not yet available from Apple, they designed the proof of concept on the basis of what clients would want from a CIBC Banking App on the Apple Watch.

The speed of development was unprecedented and caught the attention of the Apple team and resulted in another first for our bank.

By acting like a bank and like a tech start-up, we were able to achieve a better outcome for our clients.

We also believe in the importance of partnering with Fintechs, those startups that leverage innovation and technology to provide financial services in new and innovative ways. We believe that by working with some of these firms we can deliver a better outcome for our clients and for our economy. For example, we recently worked with a UK-based Fintech, Earthport, to turn Canada's \$30 billion foreign remittance market on its head by eliminating the fees associated with sending money overseas.

In the world of innovation, partnerships are key to success, where private enterprise and post-secondary institutions are creating ecosystems or hubs where innovation can flourish.

At Ryerson in Toronto, the Digital Media Zone, known as DMZ, is one

of Canada's largest business incubators for emerging tech startups. In just five years, it has raised \$120 million in seed funding, incubated over 200 startups and so far helped create nearly 2,000 jobs.

There are also fine examples of innovation partnerships in more traditional spaces, like the energy sector. The Institute for Oil Sands Innovation at the University of Alberta is developing innovative technologies to address emission and water consumption challenges in the energy sector. There, a University of Alberta engineering professor developed a cutting edge technique using solar energy to clean up oil sand waste water.

We see this in manufacturing as well. Siemens Canada for example, has established an innovative manufacturing hub in Burlington. As Robert Hardt, president and CEO, said recently, “Companies that innovate and commercialize the fastest in today's environment are going to be the leaders”. Part of its strategy is to partner with area colleges where it provides guest lectures, technical workshops and curriculum development recommendations. Siemens also provided a \$458 million product lifecycle management software grant to McMaster University in Hamilton that gives students the ability to work with the same design and manufacturing research technologies used by many of the world's most sophisticated manufacturers.

All of these hubs demonstrate that the right ecosystem can produce great innovation and commercial success. They are creative and necessary partnerships between schools, government and business. But we need to do more to compete and grow—including cross partnerships and greater collaboration between governments and institutions on a national basis.

The second element required to build and grow Canada's new economy is ensuring innovative young companies can access the needed capital and expertise both to get started and to sustain their growth. In recent

years, policy makers have been more focused on protecting small business than creating an environment in which it can grow and thrive.

“ All of these hubs demonstrate that the right ecosystem can produce great innovation and commercial success. They are creative and necessary partnerships between schools, government and business. ”

Successful innovation strategies require investment. Thomson Reuters' recent Canadian Venture Capital Review reported that deal activity and investments in the first half of 2015 were up by 21 per cent and 23 per cent, respectively, over the previous year. Private equity investments in the manufacturing sector are up 38 per cent year-to-date over last year.

But, there are some indications of a funding gap among early stage innovation-based companies, especially among asset-light firms and those looking to expand into international markets.

This funding gap needs to be addressed. One model worth considering is the Business Growth Fund created by five of the UK's largest banks. This fund provides the start-ups with capital and, importantly, access to a network of 3,000 experienced expert advisors.

Capital on its own is not enough to drive growth and ensure success for our startup companies. We need to create an environment that supports their continued success and helps them turn into global players.

We could learn from a global innovation leader like Germany, which has succeeded in implementing a national collaborative innovation policy. Germany has implemented three key strategies:

- Firstly, the German Science, Tech and Innovation system (known as BVIZ) operates 150 business incubation centres that help startups to commercialize and achieve scale, resulting in the creation of more than 5,800 companies and 46,000 jobs. The Centres help entrepreneurs and ensure that innovation gains in productivity are spread across all economic sectors rather than just being concentrated in a specific area.
- Germany created a network called the Fraunhofer Society, an organization of 80 institutes in Germany, and now around the world. Through a mix of public and private funding, these institutes help move radical ideas into the marketplace. As independent researchers they act as 'intermediate policy makers' to help businesses commercialize and achieve scale.
- Finally, Germany is ensuring skills training is a lifelong endeavor, teaching existing workers, not just young people, how to use new technologies to increase productivity.

There's another area that needs some urgent attention by the federal government to create the right innovation infrastructure in Canada—we need a public and private policy framework to support the capture of wealth from ideas. This starts with stronger intellectual property protection for innovators.

High tech innovators create two kinds of value: the profits they generate from selling their products, services and processes, and from the ownership of ideas—the intellectual property rights that lie behind their innovation.

Jim Balsillie and John Ruffolo, two highly successful leaders and innovators, recently joined forces with a number of elite high-tech companies to create the Canadian Council of Innovators, a lobby group that will work with government to establish a stronger infrastructure for supporting emerging Canadian innovators

as they grow their companies beyond Canada.

The Canadian economy today faces some difficult challenges, but we are in a period of transition with even more opportunity. It is not a transition from an “old” economy to a “new” economy, it is a transition from “today's economy” to a “future economy.”

That will first take a tight focus on fixing the way we value and build our intellectual capital, as well as how we inform our choices on where and how to invest in our intellectual resources.

Second, we need to need to become much more innovative about innovation in the public and private sectors. We need to tap into the innovative genius of Canadians to build the framework for increased and sustained future growth across all economic sectors.

We need to marry up the necessary business skills with the genius of our discoverers and inventors to push great ideas through to marketable and valuable products and services.

A focus on value-added, R&D intensive manufacturing will be one way to restore and bolster our capacity and return jobs we have lost in this sector.

The providers of capital—banks, pension plans, venture funds and others—need to be in a position to provide the necessary capital to help the early-stage innovators and those seeking to scale and grow their businesses to be world class.

Together, the public and private sector, employer groups and post-secondary institutions can build a Canadian economy that is competitive, prosperous and meets the national objectives that all of us share. **P**

Adapted from a speech to the Canadian Club of Ottawa, November 24, 2015.



Column / Don Newman

Last Call at Hy's

Weekdays at lunch, the bar is crowded. The same is true at the cocktail hour after work. Weeknights in the dining room, there are few tables available. Suddenly, political Ottawa has rediscovered Hy's Steakhouse. It is like 1995 all over again. But nostalgia isn't what it used to be, and after more than 30 years during which it became a central part of what made Canada's capital tick, Hy's is closing its doors at the end of February for good.

Ironically, last call is coming just as a tightly controlled, closed mouthed and highly suspicious government is out of office after almost 10 years in power, being replaced by one that promises to be more open, more transparent and less secretive.

Whether Justin Trudeau and his Liberals can live up to that pledge remains to be seen. But it seems almost certain to be a government more open and less paranoid, ready for discussion and ideas, and less tightly controlled than certainly Stephen Harper and most of his Conservatives were.

Despite the prospect of *bonhomie*, Hy's won't be the place where it will happen. A dispute over a new lease, a drop-off in patronage during the almost 10 years of Conservative government, and two years of construction while an underground light rail station is built beneath the site has convinced Hy's ownership that continuing to operate is no longer viable.

The Harper years were hard on places like Hy's, where the main clientele has been politicians, journalists, lobbyists and members of political staffs of all parties. It has been a place to eat and drink, laugh and relax, and allow a convivial interaction among

people who are adversaries on paper, but who, when they get acquainted, find they can agree on many things, work cooperatively and make Canada a better place.

Every democracy's capital city has at least one Hy's. Usually more than one. In Washington, there is the Monocle on Capitol Hill, and the Old Ebbitt Grill on 15th Street, a block from the White House. In London, the House of Commons has eight bars right on the premises, and others nearby, where the division bells ring when members have to return for a vote. In Paris, the small network of streets behind the National Assembly are populated by cafés and bars, where it is rumoured many deputies do some of their best work.

The simple fact is that for democratic government to function properly there must be places where those involved in its many facets can meet together informally, get to know and trust each other, make agreements, celebrate successes and commiserate over their disappointments. And in Ottawa, Hy's has played that role since the late 1980s.

Since then, I have paid more visits to Hy's that I can accurately count. In fact I would bet that many of the writers in this edition of *Policy* could make the same claim, starting with the editor and publisher. But each of us would have our own favourite memories of experiences that could only have happened at Hy's.

One of mine is the night in 1991 when I was just finishing dinner with Paul Martin, who was then in opposition. My cell phone rang with a call from another source I didn't want Martin to know I was contacting – and whom I

did not want to know I was with Martin. I looked around the dining room, saw P.E.I. Premier Joe Ghiz, quickly parked Martin with him and went out in the hall to take the call.

That is the kind of thing that could only happen at Hy's.

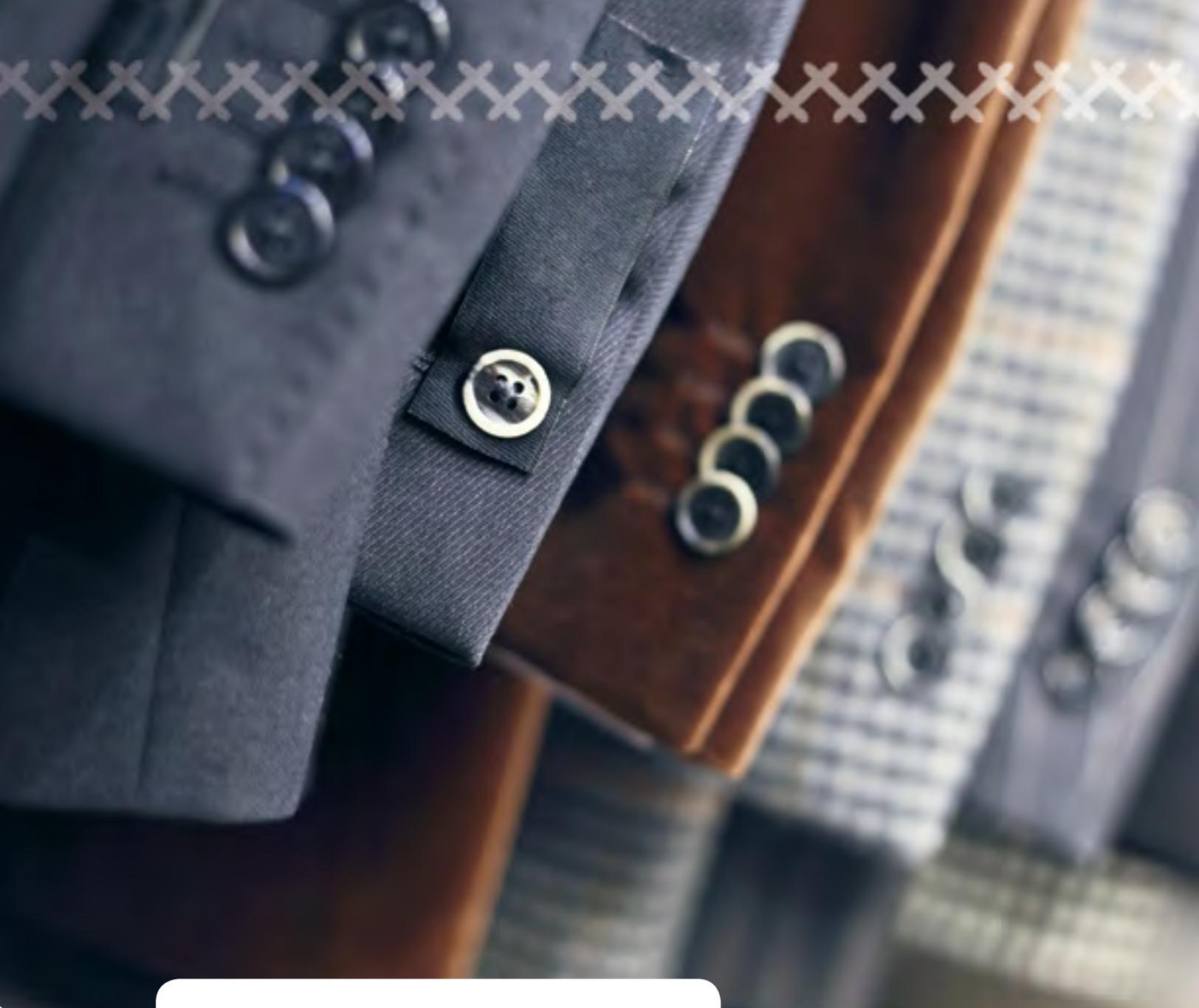
The event that has become an annual fixture at Hy's is the budget night ritual. The management removes the furniture from the bar to accommodate everyone who wants to squeeze in. The dining room is packed and the private room at the back is crowded with members of the finance minister's staff, friends and colleagues.

Around 9.30 the minister arrives. He works through the bar, then the dining room. It is as though he had just scored the winning goal in the seventh game of the Stanley Cup finals. Finally after all the accolades, he disappears into the private room where he receives a standing ovation.

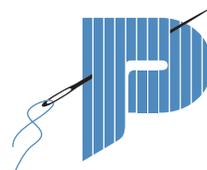
Now, unless Finance Minister Bill Morneau delivers an early budget before the end of February, Joe Oliver will be the last finance minister who received that kind of treatment at Hy's, after delivering his lone budget last April.

Morneau and finance ministers yet to come will no doubt get the same kind of treatment somewhere else in downtown Ottawa, in a restaurant close to Parliament Hill, the one that becomes the meeting place where the politicians and pundits go. It will be the new Hy's. It just won't be the same. **P**

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