The Winner

Philippe Couillard
That’s how BMO spells respect.

If you or someone you know has a disability, the BMO® Registered Disability Savings Plan (RDSP) can help, by providing long-term financial security. Eligible individuals can receive benefits of up to $3,500* per year in Canada Disability Savings Grants and $1,000** per year in Canada Disability Savings Bonds. Invest for a brighter future, today.

To learn more visit bmo.com/rdsp or call 1-800-665-7700 to speak to a BMO investment professional.

® Registered trade-marks of Bank of Montreal, used under licence. RDSPs are offered by BMO Investments Inc., a financial services firm and separate legal entity from Bank of Montreal. *Annual contribution of $1500 and based on family income or income of beneficiary if over age of majority. **Based on family income or income of beneficiary if over age of majority.
Peerless Clothing is the largest supplier of men’s and boy’s tailored clothing to most major department stores and speciality retailers in both the United States and Canada.

Proudly Canadian

The largest manufacturer of men’s and boy’s tailored clothing in the world.
A safe and smart way to keep track of your medicines and vaccines

The Knowledge is the best medicine “MyMedRec” App is available free for iPhone, Android and Blackberry. It’s designed, developed and supported by Canada’s leading health care associations with your health in mind.

“MyMedRec” helps you get the most out of your medicines.

www.knowledgeisthebestmedicine.org

Brought to you by:

[Logos of various health care associations]
In This Issue

2  From the Editor: Le Gros “Non”

COVER PACKAGE: THE QUEBEC ELECTION
3  Celine Cooper
   A Referendum on a Referendum: Non, Merci!
6  Bernard St-Laurent
   The Politics of Identity, or How the PQ Lost Its Soul
8  Claire Durand
   From One Election to the Next, the Role and Performance of Polls

FAREWELL TO A HAPPY WARRIOR
11 Margaret Clarke
   Jim’s Army: Report From the Front Line
13 Chris Alexander
   Jim Flaherty: Inclusion, Innovation and Integrity
16 The Happy Warrior

FEATURES
18 Jeremy Kinsman
   Loose Ends from the Cold War: Ukraine, Russia and the West
23 Ian Brodie
   After Redford: Where to From Here for Alberta’s 43-year PC dynasty?
26 Patrick Gossage
   The Toronto Mayoral Race: A Tale of Two Cities
29 Jack Hughes
   Saving the Trans-Pacific Partnership: How Canada Can Step Up, or Step Aside
32 Brett J. Skinner
   Medicine and Health Care in Canada: A Cost-Benefit Analysis
35 Wanda Noel, Chris George and Shannon Delbridge
   Fair is Fair: Education and Copyright in the Digital Age
38 Verbatim: Brian Mulroney
   “The Next Big Thing” for Canada: Sustainable Resource Development
Welcome to our cover package on the Quebec election, which was quickly transformed into a referendum on a referendum, one to which Quebecers said non, without even much of a merci.

The Parti Québécois, which began the campaign in majority territory, ended it in confusion and consternation, division and defeat. A party that had started out at 40 per cent in the polls, finished on election day with only 25 per cent of the popular vote. How does a political party plummet 15 points in only five weeks? Celine Cooper walks us through the debacle of the PQ campaign, which after Pierre Karl Péladeau’s fist pump for sovereignty, was never able to change the channel from the referendum no one wanted.

Bernard St-Laurent, CBC’s Radio’s senior Quebec correspondent, examines the political calculations that went into the PQ charter of values and tells how it was meant to serve as a springboard to a majority and eventually a third referendum. The PQ’s identity shift dates from the 2007 election, when the party finished in third place. The PQ rolled out the charter last summer to curry the favour of francophone voters outside Montreal. But as St-Laurent writes, the charter was never a priority, except for those who opposed it, particularly minorities who felt targeted by it.

We also take a look at the winning Liberal campaign, and Philippe Couillard, the leader who exceeded low expectations and stormed down the home stretch to close the deal for a majority.

Université de Montréal’s Claire Durand, a noted authority on polls, shares a trenchant analysis of the polls leading up to and during the Quebec campaign. By running on the charter, the PQ obviously got it wrong.

“As much as people worry that public opinion polls may influence the vote,” she writes, “they also tend to influence political actors.”

In this issue, we also bid farewell to a happy warrior, Jim Flaherty, who died suddenly of a heart attack on April 10. At his visitation at the Abilities Centre in Whitby, Ontario, thousands of friends, constituents and total strangers stood in line for hours to pay their respects. The Abilities Centre is Flaherty’s realized vision of a state of the art athletic centre for persons with disabilities. Many Canadians signed up for “Jim’s Army”, as Margaret Clarke calls it in a poignant tribute to a champion of the cause of children with Autism Spectrum Disorder, now afflicting one Canadian child in 68. Chris Alexander writes a fond appreciation of a man who was his friend, mentor and neighbour in politics.

On a personal note, Jim Flaherty was a good friend of all the years, a kindred and convivial spirit, a man without malice, and consequently without enemies. He leaves an impressive personal and political legacy, beginning with his family, Christine Elliott and their triplet sons Galen, Quinn and John.

In other features, our lead foreign affairs writer Jeremy Kinsman looks at the Russian annexation of Crimea, and the rising tensions between Russia and the West, which he sees as “so reminiscent of Europe’s dangerous and divided past.”

Then, Ian Brodie of the University of Calgary looks at Alberta after Alison Redford, as well as how she lost the loyalty of her caucus, the third Alberta premier in a row to be ousted by her own. It’s an Alberta thing—since Peter Lougheed’s time; the caucus rules. From Toronto, Patrick Gossage considers the mayoralty race, with incumbent Rob Ford challenged by Olivia Chow on the left, and by John Tory on the moderate, pro-business right.

Jack Hughes looks at the Canada-Korea Free Trade Agreement and suggests it give Canada leverage in talks with other Asian countries, notably the Trans Pacific Partnership talks. From Rx&D, Brett Skinner offers a cost-benefit analysis between new medicines and health care costs.

Wanda Noel, Chris George and Shannon Delbridge tell the story of Canada’s new copyright legislation for the digital era, a project more than a decade in the making in the courts and Parliament.

And in a Verbatim, former prime minister Brian Mulroney told an Ottawa audience convened by Canada 2020 that sustainable energy and development would be “The Next Big Thing for Canada”. But absent partnerships with First Nations and the provinces, as well as social licence from environmental stakeholders, he said Canada’s immense oil and gas wealth would remain “in the ground.”

Finally, this issue marks the first anniversary of Policy. In only one year, the magazine has become a must read for the political class, which comprises our guaranteed distribution and business leaders who pick it up in Air Canada Maple Leaf Lounges across the country. Thanks to our gifted group of Contributing Writers, who make it easy to edit this magazine. Thanks also to Associate Editor Lisa Van Dusen, a superb editor, Monica Thomas of Foothills Graphics, who has given Policy our distinctive and clean look, as well as webmaster Nicolas Landry. Special thanks to our advertisers as well as several generous donors for sharing in the vision of Policy.
A Referendum on a Referendum: Non, Merci!

Celine Cooper

The Quebec election campaign was launched on a breathtaking miscalculation and went downhill from there for the Parti Québécois. From Pierre Karl Péladeau’s fateful fist pump to scare tactics about Muslim swimmers, the PQ’s campaign was a parade of missteps. But in the end, the PQ was selling two things: a divisive, inward-looking “values charter” and the prospect of a third referendum on sovereignty. Quebecers just weren’t buying.

The trend was evident from the get go. Half an hour after the polls had closed for the 41st Quebec general election, media outlets were already projecting the outcome. It would be a Liberal majority.

On April 7—less than two years after the last provincial election that sent them to the opposition benches in the National Assembly—voters handed Philippe Couillard and the Quebec Liberal Party a solid majority. By the end of the night, the Liberals had won 70 of Quebec’s 125 ridings and 41 per cent of the vote.

But the story here is, in many ways, more about who lost than who won. A
It wasn’t supposed to be this way.

Seven high profile PQ cabinet ministers, including the premier herself, failed to win their seats, lopping off a lobe of the party’s brain trust.

The third party, François Légault’s Coalition Avenir Québec, upped their seat count to 22 from 19, with 23 per cent of the vote—a much better showing than predicted early in the campaign. Three seats in Montreal went to the left wing pro-sovereignty Québec Solidaire.

As the province was painted red, the PQ hemorrhaged from 54 seats to 30. Their vote share plummeted to 25 per cent, down from 32 percent in 2012. It was their worst performance since 1970.

But it was when Pauline Marois herself—leader of the PQ and Quebec’s first female premier—lost her own seat in the Charlevoix-Côte-de-Beaupré riding to the Liberal candidate that the message was driven home. Voters were repelled by the prospect of a third referendum and a values charter that pandered to prejudice and intolerance toward immigrants and minority groups. They abandoned the PQ and turned to the Liberals en masse.

At PQ headquarters, supporters looked shell-shocked. Appearing ashen, democratic minister values Bernard Drainville, international relations minister Jean-François Lisée and star candidate Pierre Karl Péladeau—all of whom won their seats—took to the stage and celebrated her 65th birth day during the campaign—blew a final kiss to the crowd, and left the stage.

She had presided over Quebec for a mere 19 months. It was the shortest-lived government in the province’s history.

It wasn’t supposed to be this way.

**W**hat went wrong for the PQ?

Convinced that the popularity of their secular values charter (Bill 60)—that called for a ban on the wearing of overt religious symbols, including hijabs, kippas, turbans and oversized crosses in the public sector, had them on track to win a majority government—Marois was persuaded by her ministers and political advisers to drop the writ earlier than expected.

The plan was to leverage support captured in public opinion polls in February which showed the PQ in majority territory at 40 per cent and that the bulk of Quebecers supported the charter. Once a majority was secured, the PQ could then move to a third referendum on sovereignty.

The PQ called the election in contravention of their own fixed-date election law a mere 18 months after they won a minority government in September of 2012. It was a fateful miscalculation.

And so the PQ called the election in contravention of their own fixed-date election law a mere 18 months after they won a minority government in September of 2012. It was a fateful miscalculation.

The defining moment came early when Quebecor media baron and newly minted PQ candidate Pierre Karl Péladeau let fly his now infamous “fist pump for a country” at his first press conference in the riding of St. Jérôme on March 9. Standing behind him in the shot, smiling and leading the applause, was Marois.

It was a revealing gesture. This was not an election about the secularism charter, or any of the other priorities Quebecers wanted to talk about—economy, education, infrastructure or health care. This was an election about sovereignty.

This was an incredible gift to the Liberals, who were now free to frame their election campaign around the possibility of a third referendum.

In the following days, Marois shared her vision of an independent Quebec during morning news conferences dominated by questions about a sovereign Quebec. Yes, there would be different passports and a separate national identity, she said, but no border controls or tolls. Quebec would continue to use the Canadian dollar, and would negotiate a seat on the Bank of Canada board. Quebecers and Canadians would continue to be friends and visit the Rockies and Prince Edward Island together.

**Pro-union and left leaning Péquistes, a huge slice of the PQ base, were horrified by the entry of the union-busting mogul into their party. He faced extensive criticism over refusing to relinquish his extensive media holdings, despite arguing that they would be placed in a blind trust.**

From that point on, the Pequistes lost control of their message. They stumbled forward for the next month with one of the most incoherent and disastrous political campaigns in recent memory.

The adhesion of Péladeau was meant to be a gesture to the business community that the PQ would be strong stewards of the economy. After riding a wave of iden-
tity politics with the charter to get this far, he was supposed to be the economic star to put the party into majority territory. Instead, pro-union and left leaning Péquistes, a huge slice of the PQ base, were horrified by the entry of the union-busting mogul into their party. He faced extensive criticism over refusing to relinquish his extensive media holdings, despite arguing that they would be placed in a blind trust.

At each stop, Couillard hammered home a key message: a vote for the PQ was a vote for a referendum in the first mandate. It struck a chord because a huge majority of Quebeckers simply do not want another referendum. An online CROP poll taken for Radio-Canada just before the election was called indicated that six out of 10 Quebeckers were opposed to sovereignty. This is where the numbers were around the 1980 referendum.

For the next few weeks, Marois crisscrossed the province facing persistent questions about the loonie, sovereignty and passports. She repeated her mantra: there would be no referendum in a first majority mandate... unless Quebeckers were ready. No one believed her.

As voters fell back into familiar sovereigntist-federalist patterns, many CAQ supporters—the ones the PQ was hoping to court with Péladeau—sought refuge with the Liberals. The PQ's left flank in Montreal looked to Québec Solidaire for an inclusive, so-

cial democratic alternative. The charter was slipping through their fingers like sand. As people began to focus on sovereignty, the PQ tried frantically to regain control, appearing increasingly paranoid and panicky.

O ne Sunday, halfway through the campaign, Justice Min-

ister Bertrand St-Arnaud raised an alarm after a story in Le De-

voir suggested anglophone students from other provinces were fraudu-

lently registering to vote. “Will the Quebec election be stolen by people from Ontario and from the rest of Canada?” he asked ominously. Ma-

rois herself said she was worried about democracy. Other PQ candi-

dates joined in sounding the alarm. The chief electoral officer shot down

the story within hours. It turned out there was no conspiracy, just stu-

dents acting on their own, trying to get on the voters list in a province that requires voters to be Canadian citizens, domiciled for six months in Quebec, and declaring their intention to remain.

Then they tried their hand with the integrity file. They pounded Couil-

lard for his connection to the disgraced Arthur Porter, former head of the McGill University Health Centre, whom Couillard got to know when he was health minister in the first Charest government.

Then Couillard was put on the de-

fensive after Radio-Canada reported he deposited money in an offshore tax haven in Jersey, the Channel Islands, while working as a neurosur-

gueon in Saudi Arabia from 1992-96. He pointed out, quite properly, that there was nothing illegal about the account at the Royal Bank of Can-

ada branch, and that he paid taxes on the interest when he returned to Can-

ada. Financial advisers and tax experts generally agreed.

The PQ also ran against Jean Cha-

rest, whose name was not on the bal-

lot. Marois kept pointing out that 18 of Charest’s former ministers were running on the Couillard team, and that many Charest era Liberals were under investigation for fund raising from construction firms—in effect, cash for contracts.

But even that backfired. Marois was forced to explain her party’s decision to keep quiet about a meeting be-

tween two of its senior officials with provincial anti-corruption officials in February. Then it emerged that 60 companies linked to Quebecor (where Péladeau was still controlling shareholder) and its subsidiaries were registered in the state of Delaware, a tax haven.

And then, in the waning days of the campaign, there was 89 year-old cul-

tural icon Janette Bertrand. In the presence of Marois and Drainville at a “secular brunch” in Laval, she lectured the audience that a charter was needed to prevent rich McGill Muslim students from taking over the pool in her condo and disrupting her aqua-fit class.

It was, in so many ways, a fitting coda to the PQ's charter debate, and the debacle of their campaign.

After its drubbing in the 2007 election, when they finished third, the PQ’s strategy for rebuilding the party was to position itself as the guardi-

an of cultural survival for the francophone majority. To do this, party strategists looked to the past instead of the future for inspiration. But one problem with the PQ’s brand of national identity was that it abstracted Quebec not only from Canada, but also from the globalized world in general—a world that is increasingly diverse, rapidly changing and intercon-

nected. The PQ reanimated a nationalism rooted in fear, the need to turn inward to survive. But times have changed. In the end, Quebeckers just didn’t buy it.

Celine Cooper is a columnist for The Gazette in Montreal and a PhD candidate at the Ontario Institute for Studies in Education at the University of Toronto. She lives in Montreal. celine_cooper@yahoo.com
The Politics of Identity, or How the PQ Lost Its Soul

Bernard St-Laurent

Pundits and campaign gurus will spend years reliving the narrative of the spectacularly flawed campaign run by outgoing Parti Québécois Leader Pauline Marois. What on earth were they thinking? One of the province’s most experienced political observers argues that the PQ didn’t just gamble away its minority mandate on a flawed strategy, it allowed the ghost of a previous election to skew its thinking on the value of identity politics.

On Monday, March 31, seven days before the provincial election, Premier Pauline Marois surprised everyone. At her morning meeting with the media, standing in front of her candidates from the Mauricie region, Marois announced she was prepared to invoke the notwithstanding clause of the Constitution to shelter Bill 60, the so-called charter of secular values, from court challenges.

It was surprising because the government had claimed for months that confidential justice department legal opinions indicated Bill 60 would survive a court challenge. The Quebec Human Rights Commission and the Quebec Bar Association, among others, argued the opposite. In their view, preventing public sector workers from wearing overt religious symbols was a clear violation of human rights and would almost certainly be declared invalid.

Even former Supreme Court justice Claire Pierre Karl Péladeau’s fist pump and call “to make Quebec a country”, with Pauline Marois leading the applause. The defining moment and indelible image of the Quebec campaign. Montreal Gazette photo
L’Heureux Dubé, a supporter of the charter of values, had encouraged the government to protect Bill 60 by invoking the notwithstanding clause. Bernard Drainville, the minister responsible for the charter, simply dismissed the warnings.

So why the sudden turnaround? On the same day Marois affirmed her willingness to protect the charter by invoking the notwithstanding clause, La Presse columnist Vincent Marissal exposed the master strategy behind the PQ’s “virage identitaire.” Marissal explained how a trio of sovereignist intellectuals convinced Marois to take the party down the tortuous road of identity politics in a way it had never gone before.

The plan was to adopt the charter without a notwithstanding clause, with the expectation of a court challenge and a likely ruling of unconstitutionality.

The belief was that a rejection of the Charte de la laïcité, based on a constitution Quebec never signed, would stir enough negative sentiment to launch the third referendum campaign. In making the announcement, Marois denied the allegation that she was looking for a fight.

By the last week of the campaign, the charter strategy was already in big trouble. During the televised debates, the opposition party leaders made the case that 90 per cent of the charter could have been adopted unanimously, including provisions affirming the neutrality of the state, asserting the equality of men and women and setting out the guidelines to deal with requests for religious accommodations.

They accused Marois of choosing to exploit the more divisive articles to heighten social tension rather than seeking consensus. The day before, Janette Bertrand, an 89-year-old Quebec media icon, claimed the charter was needed to prevent rich Muslim McGill students from taking over the swimming pool at her private condo in downtown Montreal. Bertrand had lent her name to a movement of Quebec women brought together by media personality Julie Snyder, Pierre Karl Péladeau’s ex-partner. No one, not the premier, not Drainville, nor any of the other PQ candidates attending the event at which Bertrand told the story, said anything about the absurd scenario. Within hours, columnists around the province deplored the embarrassing incident. Later that week Marois also conceded that people in public service who refused to remove their religious symbols would indeed lose their jobs.

So how could the PQ have gotten it so wrong? In 2007, the PQ finished third behind the Liberals of Jean Charest and the Action Démocratique du Quebec led by Mario Dumont.

During the entire campaign, the ADQ had stirred questions around religious accommodations and the loss of Quebec identity. This was the beginning of the notion of unreasonable accommodations, which eventually led to the Bouchard-Taylor Commission on accommodation practices related to cultural differences. The 2007 loss was a devastating blow to the PQ. To this day, many Péquistes believe they lost the election because Dumont and the ADQ outflanked them on identity issues.

All of this made it easier for some, like sociologist Jacques Beauchemin (whom Marois later named associate deputy minister responsible for language), to continue pushing for a greater focus on ethnic nationalism.

Marois bought into those arguments.

In the 2012 election, she promised to toughen up Quebec’s language laws, introduce a charter of secularism, adopt a Quebec constitution and introduce the teaching of a National Quebec History. And yet the first warning signal that identity politics might not be the answer for the PQ came in the results of that very election. After nine years of Liberal government, amid constant talk of collusion and corruption within Liberal ranks, the PQ received less than one per cent more of the popular vote than the Liberals (31.95 per cent to 31.20 per cent).

Within a few months of forming a minority government, the PQ set in motion the identity debate by leaking a poll to the Journal de Montreal showing that Quebecers opposed un-reasonable religious accommodations.

Months and months of nasty debate ensued. Polls showed that a majority of Quebecers supported the charter of values. But when time came to vote, only eight per cent of voters said it was a priority issue for them. The overwhelming majority of those who were in favour of Bill 60 didn’t feel strongly enough about it to let the issue drive their vote. It was a very different story for those who were opposed to it.

Meanwhile, Philippe Couillard was able to assemble an impressive team of newcomers to the Liberal Party. They included Economists Carlos Laitao and Martin Coiteux, investment banker Jacques Daoust, Hélène David, the vice rector at the Université de Montréal and the sister of Quebec Solidaire leader François David, as well as François Blais, the former dean of the faculty of social sciences at Laval University in Quebec city. They all said opposing the charter was one of the essential reasons behind their decision to get involved in active politics. Maclean’s reported the charter was also the driving force that led former Premier Daniel Johnson Jr. to play an active role in the Liberal campaign and eventually oversee Couillard’s transition team after the election.

So, at the end of the 2014 election the PQ finds itself reeling from its worst electoral performance since 1970. The Liberals have increased their popular support by 400,000 votes. Young francophone Quebecers have rejected the politics of division. For the PQ, hopes of gaining support outside of its ever-aging francophone base have been shattered.

Quebecers now have four years to mend relations with each other. And the PQ, the party of René Lévesque, has four years to find its lost soul.

The Quebec Human Rights Commission and the Quebec Bar Association, among others, argued the opposite. In their view, preventing public sector workers from wearing overt religious symbols was a clear violation of human rights and would almost certainly be declared invalid.
On March 5, Quebec Premier Pauline Marois took a calculated risk. The poll results on which that calculation was made were open to interpretation. Premier Marois seems to have thought that indications of significant francophone support for her government’s Charter of Quebec Values would translate into sufficient support for her party to grant her party a majority government. The overwhelming loss of that gamble tells us something about both how polls are interpreted and their influence on political actors.

As much as people worry that public opinion polls may influence the vote, they also tend to influence political actors. In analyzing the impact of polls on the political actors in the recent Quebec election, we’ve taken into account three periods in time: The first runs from the September 2012 election to the presentation of the Quebec Charter of Values in September 2013, the second from September 2013 to the decision to launch the electoral campaign on March 5, and the third comprises the campaign itself.

The Parti Québécois (PQ) was elected in September 2012 after nine years of Quebec Liberal Party (PLQ) rule. The last months of Liberal government had been plagued with allegations of corruption and bad management of the student crisis. Despite these circumstances, the PQ barely succeeded in getting more votes (31.9 per cent) than the Quebec Liberal Party (31.2 per cent) and could...
Although support for the PQ had been increasing before the charter project was even leaked, media and political actors alike concluded that the debate on the charter was helping the PQ. Québécois reach the level of support needed to contemplate a majority. Over the fall, serious rumours spread that an election might be called. Finally, according to media reports, the government decided to wait because “poll numbers were not good enough”.

In mid-February 2014, a CROP poll showed voting intentions for the PQ at 40 per cent, ahead of the Liberals at 36 per cent, and leading by 23 points, 47 to 24 per cent among francophone voters who comprise 80 per cent of the population. Two other polls showed the two parties at par. This increase in support for the PQ happened in the absence of any increase in support for the charter project. However, it did not prevent media and political actors from claiming that the increase was due to the approval of the charter by a majority of francophones. How was it that this surge in support for the PQ had not manifested itself during the fall? How was it that support for the charter itself had not increased? Those questions were simply brushed aside. That it was also possible that non-francophones, strongly opposed to the charter, would mobilize against the government, or that their vote may have an impact in some ridings, did not seem to matter either. Nor did the opposition of a majority of young

FIGURE 1: Evolution of published voting intentions from October 2012 to September 2013

FIGURE 2: Evolution of published voting intentions from September 2013 to March 5, 2014

Each point represents a poll estimate, positioned at the middle of fieldwork; the lines represent the likely evolution.
Quebecers who had helped the PQ win the 2012 election.

Marois decided to call the election on March 5. Three days later, the recruitment of Pierre Karl Péladeau, a well-known media mogul, and his declaration in favour of an independent Quebec, started a spiral that drove the PQ on a slide towards an end result of 25.4 per cent, its worst score since 1970. The CAQ took advantage. Voting intentions for that party started to increase from as low as 15 per cent after the first debate, and surged in the final 10 days following the second debate, to a final score of 23 per cent. Meanwhile, support for the Liberals rose to over 40 per cent on average in the published polls and stayed at that level from the first debate on March 20 until the end of the campaign.

During the campaign, questions arose as to whether similar poll errors as had been seen in the previous BC 2013 and Alberta 2012 elections could happen in the Quebec election. This was unlikely for a number of reasons. Quebec polls have been quite accurate in recent elections. They very successfully predicted NDP’s landslide in the federal election of 2011. Quebec polls’ actual problem is well known: They tend to underestimate support for the Liberal Party, particularly when the PQ is likely to win the election. Since it is a rather systematic bias, there are well-known ways to correct it. Before 2002, pollsters used to distribute non-disclosers—respondents who do not reveal a vote intention—non-proportionally, attributing a higher proportion to the Liberals than to the other parties. While pollsters stopped proceeding that way in 2002, I personally went on with non-proportional distribution, attributing 50 per cent of non-disclosers to the PLQ, 25 per cent to both PQ and CAQ and none to the small parties. This correction gave an almost perfect prediction of the results in all the elections since 2003. Figure 3 shows the evolution of polls’ estimates from January 2014 to Election Day, corrected with a non-proportional attribution of non-disclosers. With this correction, the evolution is slightly different from that shown in the two other figures. For instance, it shows voting intentions for the PQ equal to that of the PLQ in February 2014. The estimation from all the polls gives a perfect prediction of election results. Some pollsters tended to either overestimate or underestimate vote for the PLQ but the average bias is null, and we can therefore be confident that the evolution is also accurately portrayed.

Did polls influence voters? When polls show huge change in direction in voting intentions, there is a tendency to attribute at least part of that change to the polls themselves. My research, carried out in four provincial and federal elections held in Quebec since 2007, shows that around 10 per cent to 15 per cent of the voters change their minds between the moment they are asked voting intentions and that of their final vote. However, these voters tend to be more interested in politics and more educated than average. In addition, changes go in all directions and they rarely produce a significant shift in one direction at the end. Polls provide important information for strategic voters, but in the actual voting system, only a very small proportion of voters have reasons and occasion to cast a strategic vote.

Launching an electoral campaign, possibly relying on a small and very recent lead in the polls, and on support for a single policy, is a high-risk wager. In some election campaigns, voting intentions remain stable from beginning to end; in others, there are huge changes of direction and once they have started, and polls show they are happening, they can hardly be stopped. The PQ government seemed to rely on francophones’ support for the Quebec Charter of Values to win a majority. However, polls also hinted at the fact that the charter was by far not a major preoccupation and motivation for the vote.

After Pierre Karl Péladeau’s candidacy was announced with his famous fist pump and call “to make Quebec a country,” the issue of support for sovereignty and the possibility of a third referendum became central. My analyses, together with those of François Yald, of over 1000 polls on this question show that support for sovereignty has never reached more than 50 per cent of popular support since 1976, unless the constitutional proposal includes a partnership or association with the rest of Canada and there is a constitutional confrontation or a scandal. In addition, recent research shows that young people are not the primary driving force behind the sovereignty movement any more. Indeed, the polls showed that, in the 18-24 demographic segment, the Liberals were much more popular than they were during the 2012 electoral campaign. This, together with the results of the 2011 federal election in Quebec when the Bloc Québécois was almost wiped out, could have given an inkling of what was going to happen.

Polls provide information that is usually reliable on opinions at a point in time. However, opinions may change with public debate and polls need to be interpreted in the long term, and interpreted appropriately, in order to be useful in decision-making.

Claire Durand is a professor, department of Sociology, Université de Montréal and secretary-treasurer of the World Association of Public Opinion Research (WAPOR). claire.durand@umontreal.ca

FIGURE 3: Evolution of voting intentions in 2014 after non-proportional distribution of non-disclosers (50% PLQ, 25% PQ, 25% CAQ)
Jim’s Army: Report From the Front Line

Margaret Clarke

On budget day morning, Margaret Clarke got a phone call from Jim Flaherty. As a leading advocate for individuals with Autism Spectrum Disorder, it was the news she had been waiting for. As a member of the unofficial order of champions for persons with disabilities known as “Jim’s Army,” it was the sort of personal touch she’d come to expect. Before the former finance minister was laid to rest, his visitation was held at the Abilities Centre in Whitby, Ont. It was the perfect place to say goodbye.

Jim Flaherty has been praised for his many accomplishments as Canada’s finance minister, but he holds a special place in the hearts of the almost four million Canadians with disabilities. In each of the 10 budgets he tabled there was something that helped members of this community achieve more independence and live with more dignity.

Over the last 25 years, I’ve cared for countless individuals with disabilities and have seen their untapped potential wither due to a transition system that offers too little, too late.

On the morning of February 11 this year, my phone rang and in 30 seconds my long-standing wish came true. A cheerful voice said: “Margaret, I am calling to let you know that today I am going to announce funding for Community Works, a new peer mentorship program to engage more young Canadians with disabilities in our workforce. This is the right time to do this and it is the right thing to do.”

Later that day, I watched the budget speech from the visitors’ gallery in the House of Commons and knew I was witnessing history in the making. Suddenly a major public health issue—autism—was a major public policy issue. Now, one in 68 members of our population were being recognized as part of an important issue for Canadian society to address. At the post-budget reception of more than 800 guests, many of them autism stakeholders, there was unanimity—more recruits for Jim’s Army.

As a doctor, I encounter many people who seem to have extraordinary abilities to engage others and come up with novel solutions to immense problems. The moment I met Jim Flah-
herty at a fundraiser for the Abilities Centre, I knew he was one of those people and he would help me make a difference in the lives of people with autism spectrum disorders. In less than five minutes, he built a framework of understanding with me and I became part of his civil society army. He said, “This place will be right in the middle of Whitby—now that’s inclusion.” He had a vision of a state-of-the-art centre where persons with disabilities could integrate with the wider community in a way that celebrated diversity and encouraged people to pursue their passions together. He saw that vision through and, when he died, the Abilities Centre was the perfect place for his visitation.

Shortly after Jim recruited me I met Hayley Wickenheiser at the 2010 Vancouver Olympics. Hayley decided to build a gold medal program called Stepping Out after she heard about the planned Abilities Centre next to the hockey arena in Whitby. She said, “Let’s get some world-class programs ready for Whitby.” Jim did have a sixth sense for who could “plant the seed” and let it grow. Hayley and I knew what our “deliverables” were, without any agreement or promise of funding.

Even before the Abilities Centre was finished, he had the attention on the Pan American-Para-Olympic Games. The Abilities Centre will be one of the venues of both 2015 games. Without Jim, that wouldn’t have happened.

Jim’s humility and ability to quietly engage others was outstanding. He now has a five-time Olympic working on the agenda and even before the Abilities Centre was finished, he had the attention on the Pan American-Para-Olympic Games. The Abilities Centre will be one of the venues of both 2015 games. Without Jim, that wouldn’t have happened.

Jim understood the importance of physical activity and brain health better than many people in the field. His whole family became engaged in the Special Olympics and made a lasting imprint. Now a whole community of brain health researchers is working on this agenda and are part of Jim’s Army.

As a doctor, I encounter many people who seem to have extraordinary abilities to engage others and come up with novel solutions to immense problems. The moment I met Jim Flaherty at a fundraiser for the Abilities Centre, I knew he was one of those people and he would help me make a difference in the lives of people with autism spectrum disorders.

Only days before Jim’s death, I looked out over the field house at the Abilities Centre, as a grandfather ran around the track with his granddaughter in a wheelchair. His words returned to me: “Now that’s inclusion.” I also thought that I should tell him that Hayley had joined the army.

I wondered about what had brought the grandfather out that crisp April morning. Had he intuitively sorted out the toll that caregiving for a person with disabilities can take on the family? He knew the benefits of sticking to basics, including regular exercise.

Jim understood that there needed to be community-based hubs to make the change in disability and inclusion. It was creating accessible venues, where the grandfather could reach out to the Olympian or researcher and tell them on equal footing what was needed. Jim understood how to give everyone, including his own son, John, a voice.

Jim understood that there needed to be community-based hubs to make the change in disability and inclusion. It was creating accessible venues, where the grandfather could reach out to the Olympian or researcher and tell them on equal footing what was needed. Jim understood how to give everyone, including his own son, John, a voice.

It takes more than dollars to make the kind of change that Jim wanted. He wanted to work with partners that understood the true meaning of ability and inclusion. If you could not relate the meaning of the program back to impact and outcomes for the grandfather on the running track, it was back to the drawing board.

After Jim’s sudden death, his wife, Christine Elliott, and brother in law, Leo Plue, CEO of the Abilities Centre, talked with some of us about fulfilling his vision about making the centre a world hub for disabilities, sport and inclusion. We decided that we would build on the strong foundation Jim had built, according to his principles of creating a truly inclusive civil society.

We spoke of the anchoring points for success that Jim and Christine both considered essential.

1. Engagement of corporate Canada—building on the Business Sensibility Model
2. Authentic person-centred policy and practice
3. Family-centred policy and practice
4. Change through innovation and evidence-based practices
5. Intersectoral and interdisciplin ary approaches

We talked about how the recently announced programs in the budget—Community Works Canada and Ready Willing and Able—could be important platforms. Of course, Jim already knew that.

The business author Peter Drucker once said: “Good leaders are purveyors of hope.” From this perspective, those with disabilities and their families have lost a great leader.

But we have gained immeasurably from his leadership. And his humanity.

Contributing Writer Margaret Clarke, a leading authority on Autism Spectrum Disorder, is a professor in the Department of Pediatrics at the University of Calgary and senior vice president of the Sinneave Family Foundation. She is a proud member of Jim’s Army. md.clarke@shaw.ca
Jim Flaherty: Inclusion, Innovation and Integrity

Chris Alexander

From Main Street to Bay Street to Wall Street, Jim Flaherty left his mark as a man, a public servant and a Canadian. He connected with people at a level that only the best in politics ever experience, and it was because of that human touch that he was able to show such leadership when the global economy floundered. He instinctively understood the relationship between citizens and their government, what they offered each other and how economic decisions impacted them. And every day, he was a friend and example to fellow MPs who deeply feel his loss.

They just called him “Jim”. Even on this cool, damp morning in April 2011, with a federal election campaign underway, busy commuters streaming past, rushing to make their GO train, he was somehow a familiar sight. When they saw that big smile on his sturdy frame, a huge percentage of them stopped to shake hands, nod or exchange a few words with the man anointed through crisis the best finance minister in the world.

That was his style—close to his voters,
proud of his record, quick to trade a quip, a taunt or a compliment. He was proud of Whitby—had even written in student days about Camp X, one of the great spy schools of all time, now the site of a GO station, an art gallery, Iroquois Park and his beloved Abilities Centre.

He was also a fighter for his Durham Region, mostly the old Ontario County, which has stamped the GTA with much of its quality but today accounts for just 12 per cent or so of its population. He made the GM bailout and the Automotive Centre of Excellence high priorities. He supported both Durham College, founded in 1967 under Education Minister Bill Davis, and the University of Ontario Institute of Technology, founded in 2002 when Jim Flaherty was a senior minister under Premier Mike Harris.

He was also a fierce champion of Canadian nuclear power production, of which Ontario County and Durham Region have always been the cradles. He pushed for the 407 extension and improvement of the GO network—and provided infrastructure funding for both. The Abilities Centre was the culmination of two decades spent ensuring a great community became even better.

Look at our capital markets and financial sector today. For the first time in decades, we have moved into a net creditor position. Our banks have been ranked the best in the world—for the sixth straight year. Our federal budget is returning to balance next year. Thanks to Jim.

At the Pickering GO station that morning, it was clear to me what Jim Flaherty had achieved. A pedestrian bridge was taking shape to bring passengers across the 401. A multi-story parking garage was under construction. The stimulus had been well spent—fast and on target. It had accomplished practical results. But what mattered most was that, in spite of a great global crisis, Canada’s confidence in itself was strong.

It did not have to be this way. He served more than five of his eight years at finance in minority governments—the longest such period since Pearson. He told countless stories of the close calls, the uncertainty and the sheer gridlock on international financial policy, even at the highest levels, as the 2008-09 crisis took its terrible course.

But he had somehow known instinctively how to navigate the waters. Together with Prime Minister Harper, he took the difficult decision to allow substantial deficit spending, to protect key sectors and to prevent the job losses that all of our allies sustained in much higher measure. It was leadership backed by strong institutions and sound regulation. But it was also, at the time, a calculated gamble that turned Canada into a safe haven, a productive exception to the recessionary rule, in truly troubled times.

Look at our capital markets and financial sector today. For the first time in decades, we have moved into a net creditor position. Our banks have been ranked the best in the world—for the sixth straight year. Our federal budget is returning to balance next year. Thanks to Jim.

Jim Flaherty restored confidence, without sacrificing competitiveness. He invested in infrastructure to provide stimulus, but without raising tax-
He made Canada the top country in the world for state-funded R&D. He scaled up centres of excellence, research chairs and cutting-edge labs across the country to ensure top talent would achieve its breakthroughs here.

Minister Harper noted, he may have been the Canadian minister who has done the most to assist and empower the disabled. The Abilities Centre in Whitby will be a permanent testament to this legacy.

But he also went the extra mile for seniors. He understood instinctively the predicament of those living on low fixed incomes—their vulnerability to unforeseen fees and taxes, or to inflation and market shocks. As a result of his increase to the Guaranteed Income Supplement and income-splitting, fewer seniors are now living in poverty than at any previous time in Canadian history.

It was no accident that in his last budget, delivered February 11th, Jim Flaherty the history-lover indulged his fondness for Canada’s story, citing several of those who helped make Macdonald’s National Policy a reality. Flaherty understood the level of ambition of that generation. For tariffs to protect manufacturing, railways and immigration to western Canada, he simply substituted financial stability, productive infrastructure spending and inclusive, innovation-driven skills development. He saw that Canada was on the cusp of an era in which we might realize new national dreams.

He also saw our vulnerabilities, especially in Ontario and Quebec, where debt and higher taxes are still detracting from our broader national achievements. But his integrity and credibility gave us something that no federal finance minister had ever before achieved: the privilege and responsibility to lead the international community during the crisis itself and through re-fashioning the international financial system to make banking more benign, safeguards in all forms stronger, and fiscal consolidation a priority for all.

For a rookie MP like myself, Jim was an inspiration. He made us feel instantly welcome. His leadership in the GTA was a major factor setting the stage for the breakthrough that gave us a strong, stable national Conservative majority government in spring 2011.

But most of all, he was a brilliant example of public service. He worked flat out for Whitby-Oshawa and all the constituencies across Canada that depended on him. He exercised Canadian leadership on the global stage. And he remembered every step of the way why we are here—to ensure we leave behind a better, stronger country for ordinary, everyday Canadians, their children and grandchildren.

We should all seek to continue Jim Flaherty’s legacy.

Chris Alexander, MP for Ajax-Pickering, is the minister of Citizenship and Immigration. chris.alexander@parl.gc.ca
The Happy Warrior

1 Budget Day in the House, one of 10 for Flaherty who served eight years, one month and 12 days in Finance. PMO photo
3 Shoes for the minister. A budget tradition. Department of Finance photo

Policy
4 Man of the House. Flaherty leaves the Commons after a budget speech. PMO photo
5 Prime Minister Harper and Finance Minister Flaherty at Meech Lake. PMO photo
6 Jim Flaherty, at ease in shirtsleeves, working with staff and officials on another budget. PMO photo
7 Prime Minister Harper bids farewell at Flaherty’s state funeral in Toronto, April 16, 2014. PMO photo
In 1991, G7 leaders meeting in London were presiding over what seemed a new and orderly world. Mikhail Gorbachev was an honoured guest, democracy was spreading in the former Soviet Union and a celebratory mood of East-West harmony prevailed. Today, Vladimir Putin’s annexation of Crimea and murky interference in eastern Ukraine indicate the degree to which the West underestimated both the costs of Russia’s Cold War legacy and the complications of its enduring regional influence. Is this a new Cold War? No. But the regrets are many.

The crisis in Ukraine and Russia’s swift military move to annex Crimea shocked a world which believed that annexing a smaller neighbour’s territory by force, so reminiscent of Europe’s dangerous and divided past, was obsolete.

Simply put, Valdimir Putin says he did it to protect ethnic Russians in Ukraine after a coup that he claims was engineered by Western governments left them at the mercy of Ukrainian nationalists.

In truth, the revolution was not about
geo-politics or ethnic tension but was to protest a corrupt and abusive government, whose culture mirrored Putin’s own.

But the exceptional episode also flowed as unfinished business from the way the Soviet Union broke up into 15 states. The abrupt separation of Russia and Ukraine as separate states left fateful loose ends that became more tangled over the clumsy and unpracticed attempts to replace communist regimes with market economies and democracy.

There was no hidden Western hand in Ukraine’s turmoil. What has happened between Russia and Ukraine was about them, not us. But the way Putin is stoking patriotic hostility to the West is rattling our assumptions.

It is a sharp contrast to the celebratory mood over East-West harmony twenty-five years ago.

In June 1991, when leaders of the still-supreme G7 met in London at their annual summit, they felt at the top of a new and orderly world.

An improbable coalition of Western and Middle Eastern powers, supported by unusual cooperation from Moscow, had thrown Saddam Hussein, the last authoritarian to annex a neighbor, out of Kuwait. The fall of the Berlin Wall was radically changing a Europe President George H.W. Bush declared to be “whole and free.”

On a glorious early summer day that matched the G7’s upbeat mood, striped tents on the lawn of Lancaster House by Buckingham Palace shaded a lunch for the hundred or so officials. The leaders themselves dined inside with special guest Mikhail Gorbachev, whom Brian Mulroney had urged host John Major invite as a signal of the suddenly vastly altered and improved world outlook.

When Gorbachev came out on the veranda to admire the view, the officials in the garden rose in spontaneous applause.

Apart from spells of Ostpolitik and détente, the Cold War had dominated the entire working lives of these officials. Their lives were now abruptly transformed by Gorbachev’s historic campaign of top-to-bottom reform in the Soviet Union, and his declaration of an end to East-West animosity. A vast Red Army was pulling back, 800,000 from East Germany,

1.3 million counting clerks and families, and nuclear weapons were being de-targeted.

What was wrong with the picture in the garden was what we didn’t know.

Anatoly Sobchak, the “mayor” of Leningrad, had been warning that in the USSR, “democracy and dictatorship lived side-by-side.” Gorbachev was hated by the Communist Party nomenklatura for wiping out its power and privilege.

Elections were just one step on the way, though the West celebrated their introduction as if they were the desirable outcome itself. These not-yet apparent truths about the Russian experience would be doubly dark for Ukraine.

By 1991, he had lost standing with the people as well. The euphoric casting off of the old communist regime had launched a chaotic unraveling of everything, causing what David Remnick called the “wreckage of everyday life.” The public blamed Gorbachev for having no coherent alternative economic plan.

G7 officials had neither the knowledge nor the humility to grasp that no one had a clue how to enable a successful transition from the command and control Soviet economy and non-democracy to its opposite. No country had done anything as vastly complex. Westerners would mentor Soviet partners on new norms (ours, of course) for laws and institutions. We didn’t realize that the attainment of inclusive liberal democracy was an essentially cultural exercise that would have to be learned over time. Elections were just one step on the way, though the West celebrated their introduction as if they were the desirable outcome itself. These not-yet apparent truths about the Russian experience would be doubly dark for Ukraine.

Gorbachev’s sinking approval ratings (they plunged from 60 per cent to the teens in the course of the year) encouraged resentful throwback hardliners to seize power during his Black Sea vacation in August 1991.

The coup failed. The public was fed up with economic chaos but was unwilling to revert for leadership to stereotypically wooden authoritarians from the rejected and resented Communist past.

Citizens chose to renew their wobbly hopes for “democracy” by rallying behind Boris Yeltsin, whose election as president of the Russian Republic was the first real popular ballot in over 70 years. Their hopes bypassed Gorbachev, weakened by the coup and now vulnerable to the ascendant and hostile Yeltsin, keen to settle scores with the beleaguered Soviet leader who had repeatedly humiliated him.

In the other constituent republics, the demonstration that newly won reforms could be snatched back by Moscow hard-liners was a shock. Ukraine’s Communist Parliament immediately adopted in August an “Act of Independence” calling for a referendum in December (supported by 92 per cent of Ukrainians, including 56 per cent in Crimea).

Yeltsin’s audacious goal was a multi-dimensional virtual coup that would evict Gorbachev from power by writing the Soviet Union out of existence. He saw how Russian and Ukrainian declarations of autonomy could together smash to pieces Gorbachev’s hopes for a looser neo-Soviet federation.

Yeltsin’s audacious goal was a multi-dimensional virtual coup that would evict Gorbachev from power by writing the Soviet Union out of existence. He saw how Russian and Ukrainian declarations of autonomy could together smash to pieces Gorbachev’s hopes for a looser neo-Soviet federation.
But as Bill Clinton’s Russia hand, Strobe Talbott, has put it, Ukraine was seen from Moscow as the “heart of Russia.” Alexander Solzhenitsyn, for example, had been calling from exile for the break-up of the USSR for years, but like most Russians, never anticipated a separate Ukraine.

On the other hand, Moscow was viewed from Ukraine with historic distrust, forged especially by Stalin’s forced collectivization of agriculture in 1932, a “social holocaust” (Orlando Figes) that starved to death millions of Ukrainians. However, most Ukrainians differentiated between the heavy hand of “Moscow” and “Russians” themselves, accepting the mass atrocity was more an exercise in totalitarian social engineering under a Communist monster than an ethnically-targeted slaughter. The common reality in Ukraine was of Ukrainian and Russian communities woven together except at Western and Eastern extremities.

Ukrainian nationalists struck a deal with party boss Leonid Kravchuk. He agreed to lead Ukraine into independence, on the understanding he and his apparatchik clan would then rule the new state.

A more ominous start to Ukraine’s independence could scarcely be imagined. It produced rotten governance and economic stagnation, renewed by subsequent corrupt leaders for over 20 years, creating acute mass disappointment that would propel the Orange Revolution in 2004 and ultimately the crisis of 2013-14.

Yeltsin had always had his doubts about “losing” Crimea (tossed from Russia to Ukraine by Nikita Khrushchev in 1954 when internal borders in the USSR hardly mattered), though the long-term lease for the Russian Black Sea fleet at Sebastopol bridged the most obvious Russian concern.

Another bridge was needed to persuade more ardent Ukrainian nationalists to agree to give up their part of the Soviet nuclear arsenal. In the 1994 “Budapest memorandum,” Russia and Western partners agreed to respect Ukraine’s territorial integrity while Ukraine agreed to dismantle its nukes.

But in most ways, for a decade the two countries pursued parallel paths and endured comparable pain, aggravated in Russia’s case by Chechen wars and terrorism. Russia’s economic and social degradation (GDP decline every year from 1990 to 1998) was mirrored in Ukraine, as was the Yeltsin regime’s culture of cronies and corruption.

But the Russian situation changed decisively in 1999 when the Yeltsin family positioned the rapidly elevated Vladimir Putin to succeed the failing Boris Nicolayevich. The choice was fateful.

On one hand, Putin succeeded admirably in stabilizing Russia, aided by a spike in the price of oil. Incomes and pensions began to climb again, dramatically. But on the other hand, he began to subtract from recently awarded democratic space, and before long veered to antagonism to the West.

I had met him in 1995 as a newly appointed deputy mayor of St. Petersburg, having been referred to him in 1995 as just the person to settle some problems Canadians were having with local extortion. He did, and indeed came across as one of the most impressive and effective Russian officials I had met.

When asked once what he had learned in the KGB, he confided, “to mingle.” He aimed to project to a contact what he estimated the contact wanted to see in him.

It worked. When he made a solid commitment to democracy in his New Year’s Day, 2000, acceptance speech to the nation, and when he invited the secretary-general of NATO to be his first foreign visitor, Western leaders accepted at face value his projection as a reformist leader who envisaged Russia working with the West as Yeltsin had done.

Russians rewarded Putin with approval ratings in the 70s as personal incomes rose dramatically (by 140 per cent from 1998 to 2008) and he wrestled an end to the Chechen wars, after yet more terrorist spasms. But the trade-off was that Russians relieved to celebrate security and a more orderly and growing economy would accept a “time of calming down” in political life, a cessation of protest and political competition.

In reality, Putin has no feeling for democracy because he abhors competition, at least with him. His KGB training made suspicion of other peoples’ motives his default position. He doesn’t credit the sincerity of democratic aspirations because he has never known them.

In reality, Putin has no feeling for democracy because he abhors competition, at least with him. His KGB training made suspicion of other peoples’ motives his default position. He doesn’t credit the sincerity of democratic aspirations because he has never known them.
Meanwhile, independence in Ukraine brought disorder and dismay under Kravchuk, until 1994, and then under Leonid Kuchma. The economic recovery in Russia after 1998 was not matched, though Ukraine was more than a match in corruption, sliding below even Russia near the bottom of Transparency International’s rankings, (where it has stayed ever since). Moreover, as Putin began to narrow democratic space in Russia, Kuchma did the same.

However, the 2004 presidential election offered hope of a reform candidate Ukrainians wanted to believe in, Viktor Yuschenko .

Putin—and outgoing President Kuchma—actively and ardently supported his opponent, ex-Soviet machine apparatchik, Viktor Yanukovych. When an obviously rigged election declared Yanukovych the winner, the Orange Revolution began.

Over 17 days, outraged Ukrainians in a highly disciplined campaign of nonviolent mass protest shut the country down and occupied Kiev’s great central square, the Maidan. Decisively, security authorities did not use deadly force. The vote was run again, with Yuschenko being the winner second time around.

There were three results.

1) Putin took the Orange Revolution personally. He never saw it as protest over a rigged election. For him it was a “regime change” operation orchestrated by Western interests via Ukrainian NGOs. From that time on, his hostility in Russia to democracy activists and civil society, and their rightfully entitled connections to international civil society, became acute, expressed through criminalization of such contacts, and strident patriotism.

2) In Ukraine, the Yuschenko regime turned out to be as corrupt and ineffective as its predecessors, a harsh disappointment for reform-minded Ukrainians.

3) Putin turned anti-West and anti-NATO.

Over time, Western leaders had with rare exceptions tried to convey the message there had been no “winners” or “losers” of the Cold War. But the expansion eastward of NATO made Russians feel like losers. They ultimately learned to live with NATO entry for the Czech and Slovak Republics, Hungary, and even Poland as societies that could be considered “Western,” an argument that could be made less convincingly for Romania and Bulgaria, but made nonetheless.

But Ukraine? There was no way Russia would accept NATO incorporating a country as intimately connected to Russia, on Russia’s borders, and including the leased iconic Russian naval base of Sebastopol.

Putin framed a new patriotism in Russian exceptionalism, distinct from Western liberalism, rooted in imagined pre-Revolutionary traditional and ethnic values of 19th Century Orthodox morality, featuring among other things, anti-gay assertiveness.

The issue of Ukraine’s entry into NATO was vexed. Most European NATO members judged NATO membership of Ukraine to be going too far in several respects, especially as Ukrainian public opinion was ambivalent at best. Still, the Bush administration (with avid Harper government support) managed to keep the door open at the April, 2008 Bucharest Summit. In August, a provocative miscalculation by another ex-Soviet candidate for membership, Georgia, provided the pretext for a punitive Russian invasion that in December persuaded NATO ministers to take Ukrainian membership off the agenda. However, the episode rankled Vladimir Putin as much as anything the West had in his view done to humiliate his country, and there was a long list of such things.

Ukraine was hit especially hard by the 2009 economic crisis, leaving the economy 30 per cent smaller than in 1991. Yuschenko’s six-year tenure had been quarrelsome and unproductive (though a free press thrived), and corruption still flourished, including to the benefit of his family. His approval rating fell to 7 per cent, and that of ally Iulia Tymoshenko to 22 per cent. Despondent Ukrainians turned to a more inclusive-sounding Yanukovych, who convinced enough voters that he would govern for all Ukrainians to win the 2010 election.

Meanwhile, the European Union had been developing with Ukraine an association partnership that Ukrainian reformers and civil society counted on to obligate fairer and more transparent standards of governance.

In Russia, Putin was back as president. The casual announcement he had agreed to switch jobs with Dmitry Medvedev was greeted by mass protests in major Russian cities. The time for calming down was clearly over. Urban professionals, students and the middle class expressed their impatience and frustration over being treated “like political infants.” A childishly doctored parliamentary election in December, 2011 widened protests, though Putin was elected again in April.

Once elected, he cracked down on dissenters whom he likened to “foreign agents.” He also launched a campaign to re-create the Russian sense of identity to fill the void he believed had been left by the evacuation of the all-embracing forced identity of communism. Putin framed a new patriotism in Russian exceptionalism, distinct from Western liberalism, rooted in imagined pre-Revolutionary traditional and ethnic values of 19th Century Orthodox morality, featuring among other things, anti-gay assertiveness.

He devised the notion of a Eurasian Union that would be the vessel for his sphere of influence, as a sort of counterpart in the East to the EU. However, he desperately needed Ukraine in it for heft and credibility, and he had a jaundiced view of Ukraine’s flirtation with the EU itself.
Yanukovych’s tenure had been no better than his predecessors and indeed personal and family entitlements were hitting new levels of corrupt practice. His dentist son was in on 50 per cent of state contracts.

Putin saw leverage in Ukraine’s dependence on Russia for 70 per cent of its fuel. Under Yushchenko, who rubbed Russia the wrong way, Gazprom had used gas as a lever of Russian state aggression, raising prices starkly. The Ukrainian state budget continued to pay the difference. By 2013, Ukraine was virtually bankrupt. Putin offered Yanukovych the $15 billion he needed, in return for agreeing to join the Eurasian Union.

This meant abandoning the EU association project. There were small-scale protests in Kiev. When Yanukovych used force against the protestors, the crowds multiplied.

The crowds came out not because of geo-politics, the choice of “EU against Russia.” They were there because they were fed up with corruption and dishonesty and had counted on the open government undertakings in the EU association accord to oblige Ukraine to reform.

When Yanukovych jammed through Parliament a law for Ukraine that mirrored the restrictive and criminalizing anti-NGO laws of Putin, hundreds of thousands of Ukrainians poured into the street and square. When he used deadly force to kill 80 protestors in the Maidan, a dozen of whom were Russian speakers from the east, the crisis broke. His credibility gone, he was forced to flee Ukraine for Russia, even though an orderly end to his reign had been brokered by EU ministers. The Ukrainian Parliament mandated an interim government to take power.

As we know, Putin’s resentment at the turn of events was again profound. Crimea, where the population is 60 per cent Russian, seceded within days in a referendum orchestrated by the Russians after their lightning military occupation.

Putin’s “Little War” sparked widespread patriotic support in Russia, accompanied by xenophobia and anti-Western diatribes fuelled by state-owned TV news monopolies. It usefully deflects attention from other issues, the weakening Russian economy, and likely revelations of the extent of corruption in the $51 billion bill for the Sochi Winter Olympic project, most of the rewards having gone to Putin’s cronies.

It provides pretext and cover for Putin to clamp down on protest and dissent he now explicitly identifies with “traitors.” There will be less likelihood of contagion to Russia’s protest movement from Kiev’s.

The implications are deep and wide. At the time of writing, Russia is agitating to destabilize Ukraine’s Russia-leaning East by tacitly supporting separatist assertiveness against the authority of Ukraine’s government, including armed occupation of key buildings. Ukraine authorities are wary of using force but are leaking control over their own territory.

**For Ukraine at large, Putin is effectively creating ethnic conflict where little existed.**

*His goal? A neutered Ukraine, with much more autonomy for more Russian-speaking regions in the East and South.*

For Ukraine at large, Putin is effectively creating ethnic conflict where little existed. His goal? A neutered Ukraine, with much more autonomy for more Russian-speaking regions in the East and South.

His accusations that Russia was in conflict with the West over Ukraine have become a self-fulfilling prophesy. He is playing what could be a costly game.

Further moves against Ukraine will mean pressure to spread sanctions on Russia beyond asset freezes and visa barriers for selected Russian personnel to include financing and broader economic issues. Russia’s multi-nationally active state firms like Lukoil, Gazprom, or Sibneft will find it more difficult to raise capital in world financial markets.

Putin counts on the EU countries being disunited on the issue, believing they feel too economically vulnerable to risk counter-sanctions cutting them off from Russian gas that counts for 25 or 30 per cent of supply in some cases.

But Putin is ignoring Russia’s weak economic structures and overstating its potential leverage: Russia counts for only 1 per cent of EU economic activity while the EU counts for 15 per cent of Russia’s. Russia’s stock market has already taken a 13 per cent hit this year.

Investors are no doubt asking how Russia, where oil and gas account for over 60 per cent of exports and 30 per cent of the GDP, can cut off its principal markets and survive? China is cited as the magic alternative market, but the Chinese have been resoundingly unsupportive on Putin’s moves over Ukraine.

Europe will begin to reduce exposure to Russian supply. Long-term, Russia’s advantages will diminish as European LNG connectors multiply, and the US develops LNG export capability and increases its capacity in conventional and unconventional sources of energy.

A quarter-century of joint effort to integrate Russia into the world economy will be interrupted.

Meanwhile, the Chinese are looking to make the 21st century theirs while Russia struggles still to succeed in the 19th century.

Is it a new Cold War? No. But there are a lot of regrets, and fresh efforts may have to wait for new Russian leadership. The June day in London when Gorbachev appeared on a veranda to cheers seems like much more than a quarter-century ago.

Jeremy Kinsman was Canadian ambassador in Moscow in the 1990s and to the European Union 2002-06. He is co-author of The Diplomat’s Handbook for Democracy Development Support, published by CIGI, and is attached to the University of California, Berkeley, and Ryerson University. kinsmanj@shaw.ca
All political dynasties must come to an end, as often as not collapsing under the weight of their own blind-
ing sense of entitlement. In the case of Alberta’s 43-year Progressive Conservative rule, Alison Redford’s ousting as premier has precipitated what will be a defining moment in the life of the party. Will her successor reconcile the need to reunite the PC caucus with what will be required to win over the Alberta electorate? The stakes are high—for the province, for the resource sector and for a party unaccustomed to losing.

On May 2, 1985, Ontario voters dealt what turned out to be a fatal blow to the 43-year dynasty of the Ontario Progressive Conservative Party, the regime that had led the province through two generations of growth and success. Frank Miller, a populist right-winger as Ontario’s treasurer, abandoned his trademark loud, plaid sports jackets and plain-talking style for the “boring works” establishment centrism of his predecessor as leader, Bill Davis. Voters took the opportunity to give pro-
vincial Liberals and NDP, under David
Peterson and Bob Rae, enough combined seats to put an end to the long stretch of PC rule.

In March, shortly after marking its 43rd anniversary in office, the Alberta PC Party revolted against its leader, Premier Alison Redford. The putsch was triggered by Redford’s controversial use of government travel budgets, but much deeper factors were also at play. Redford, who made it clear in announcing her resignation that she put more emphasis on being a political progressive than a political conservative, won the PC leadership by enticing a coalition of public sector unions to join the party. She subsequently cut some outsized government cheques to those unions. But having mounted an outsider’s campaign for the party’s top job, she never quite came to terms with the rest of the party. She never seemed to win over the PC caucus or its rank and file. But neither did she reinvigorate the PC party with an infusion of new talent loyal to her interests.

Her resignation came amid headline-grabbing allegations from her caucus that she was a bully and “not a nice lady.” When poll ratings and fundraising results plummeted, she had little residual goodwill inside the PC Party, and she resigned rather than fight for the party’s support.

Dumping Redford was a rare moment of unity for the Alberta PCs in recent years. Divisions started to show around the time Ralph Klein marked his tenth anniversary as premier in 2003. The Party lost enthusiasm for Klein’s leadership, and the man hailed as King Ralph in the mid-1990s got a chilly 55 per cent endorsement of his mandate at the March, 2006 leadership review by party members. He announced his retirement a few days later.

Alberta will just have to make do with a temporary premier, while the provincial government takes a half-year hiatus from making decisions. Serious leadership candidates will need more than $1 million to last till September. That will further sap fundraising for the Party’s already depleted coffers.

A deeply divisive leadership campaign followed. Ed Stelmach, a distant third on the first ballot, became the compromise candidate as voting continued and won on the third ballot. Even though Stelmach went on to win a huge majority in the 2008 provincial election, the PC rank and file never warmed to his leadership. He headed up with a lukewarm 77 per cent endorsement of his leadership at the party’s convention and was pushed out a little more than a year later.

Another divisive leadership race followed, with all the other candidates eventually uniting behind Gary Mar to stop Redford. But on voting day, Redford’s campaign mobilized enough “instant Tories” to edge past the establishment pick. Her public criticisms of Klein’s successful effort to balance the provincial budget, an achievement that was widely admired within the PC Party, sowed yet more disunity. In November, 2013, she got the same lukewarm 77 per cent endorsement that Stelmach had got four years earlier. And this only a year and a half into a sweeping majority mandate from the voters. Stories of how much government money she spent on her own travel then started to appear in the media. By the end of March, she was gone.

The last three PC premiers of Alberta have all been forced out of office, not by the voters, but by their own caucus. This is proof that in Alberta, as Peter Lougheed used to say, “caucus rules, not the cabinet.” It was his political motto, and part of his political legacy.

After a decade of infighting, Alberta’s PCs are desperately looking for a hero that can unite their party. The stakes are high. Tory divisions and Redford’s trumpeting of her progressive political credentials opened room for a challenge to the PC’s hegemony on the right. The Wildrose Alliance, formed from the merger of two fringe parties, picked the telelegenic and policy-smart Danielle Smith as its leader. In their first campaign, Smith and Wildrose were beset by the kinds of problems that typically face new parties. Yet they energized a conservative opposition to Redford and the PCs, and on Election Day, Wildrose took enough PC seats in southern Alberta to form the official opposition. More PC supporters are sitting on the sidelines, waiting to see what direction the party will take and knowing they have a conservative alternative.
dates will need more than $1 million to last till September. That will further sap fundraising for the Party’s already depleted coffers.

The near-term strategic choice facing Alberta’s ruling party is clear. Do the PCs want to return to the centre-right and tackle the Wildrose challenge head-on? Large deficits and opaque budget rules have harmed the party’s reputation for tight fiscal management. The Alberta government now claims to be saving and borrowing money at the same time. A successful move to the centre-right would re-engage disgruntled PCs and win back support from Wildrose in the two years that remain before the next election. Given Alberta’s political terrain that would secure the PC dynasty for another generation.

**Alberta will just have to make do with a temporary premier, while the provincial government takes a half-year hiatus from making decisions. Serious leadership candidates will need more than $1 million to last till September. That will further sap fundraising for the Party’s already depleted coffers.**

But it is hard to see who could lead the Party in that direction. The easy path is to remain resolutely centrist, seeking expensive alliances with public sector workers. Leaving the right flank exposed to Wildrose means risking the PC hold on power. Faced with a similar situation federally, Brian Mulroney held his caucus together by sheer force of personality, but his party splintered anyway as he pursued an agenda that was increasingly distasteful to conservative voters. The mythology of the cowboy resonates deeply in Alberta and is reflected in the province’s self-image as strong, independent and self-sufficient. The ethos is reflected in the part of the national anthem the province uses for its motto—fortis et liber, strong and free.

Today, Alberta depends on others to get its resources to market. Key decisions about Alberta’s future will be made in Washington, DC, Victoria, and all the provincial capitals along the path of the proposed Energy East pipeline. Alberta voters don’t weigh on the minds of the leaders that will make those decisions.

Frustration over market access—the fancy term for getting Alberta’s oil and gas to markets—is building in Alberta. The province produces more oil than it can ship by pipeline, and Alberta natural gas is captive to the US market. This all reduces the price Alberta producers can get for the province’s resources.

The next premier will either have to defeat Alberta’s external opponents or win them over, and neither option is easy. Alberta’s fate is in the hands of outside forces it cannot control. The province’s internal strength isn’t sufficient to secure its continued prosperity. The next premier will need a plan to get Alberta’s oil and gas to the best markets.

Fortunately, the province looks set to reap stronger revenues from resource royalties in the coming years. Some newer unconventional projects have recouped their capital investments and will begin paying out royalties at higher rates. But the provincial treasury remains too dependent on resource revenues that rise and fall quickly. When natural gas prices collapsed in 2008, provincial revenues fell $4 billion. No premier could have balanced the budget in that context by suddenly closing hospitals and cutting salary costs. Alberta has a history of spending every dollar of resource revenue as soon as it comes in. At some point, Albertans have to start paying for provincial services with sustainable and predictable tax sources, and putting resource royalties away for the future.

**Frustration over market access—the fancy term for getting Alberta’s oil and gas to markets—is building in Alberta. The province produces more oil than it can ship by pipeline, and Alberta natural gas is captive to the US market. This all reduces the price Alberta producers can get for the province’s resources.**

But it is hard to see who could lead the Party in that direction. The easy path is to remain resolutely centrist, seeking expensive alliances with public sector workers. Leaving the right flank exposed to Wildrose means risking the PC hold on power. Faced with a similar situation federally, Brian Mulroney held his caucus together by sheer force of personality, but his party splintered anyway as he pursued an agenda that was increasingly distasteful to conservative voters. The next premier can try to stave off Wildrose by writing more big cheques to teachers and other public sector workers and solidify PC support with centrist or centre-left voters.

Regardless of that choice, the next PC leader not be able to build political support by taking on Ottawa or the other provinces. Albertans are used to thinking of their province as a strong player in Confederation, and they have historically responded to leaders who projected a strong presence on the national stage—the likes of Lougheed, Klein, Manning and Harper. Albertans complain about their net contributions to equalization and other regional transfers, but they also take a quiet pride in being strong enough to sustain those transfers. The ethos is reflected in the part of the national anthem the province uses for its motto—fortis et liber, strong and free.

Today, Alberta depends on others to get its resources to market. Key decisions about Alberta’s future will be made in Washington, DC, Victoria, and all the provincial capitals along the path of the proposed Energy East pipeline. Alberta voters don’t weigh on the minds of the leaders that will make those decisions.

Frustration over market access—the fancy term for getting Alberta’s oil and gas to markets—is building in Alberta. The province produces more oil than it can ship by pipeline, and Alberta natural gas is captive to the US market. This all reduces the price Alberta producers can get for the province’s resources.

The next premier will either have to defeat Alberta’s external opponents or win them over, and neither option is easy. Alberta’s fate is in the hands of outside forces it cannot control. The province’s internal strength isn’t sufficient to secure its continued prosperity. The next premier will need a plan to get Alberta’s oil and gas to the best markets.

Fortunately, the province looks set to reap stronger revenues from resource royalties in the coming years. Some newer unconventional projects have recouped their capital investments and will begin paying out royalties at higher rates. But the provincial treasury remains too dependent on resource revenues that rise and fall quickly. When natural gas prices collapsed in 2008, provincial revenues fell $4 billion. No premier could have balanced the budget in that context by suddenly closing hospitals and cutting salary costs. Alberta has a history of spending every dollar of resource revenue as soon as it comes in. At some point, Albertans have to start paying for provincial services with sustainable and predictable tax sources, and putting resource royalties away for the future.

No one of these political and policy issues matter if the PC party cannot clean up its ethical conduct. It is ironic that Alberta, which has served as the cradle for so many populist and reform movements over the years, has such a weak set of government ethics and transparency rules. We know that, for years, local governments and other publicly funded bodies illegally contributed money to PC party fundraisers. Yet Alberta law prevents elections officials from disclosing the results of investigations into those practices. It also appears that government supporters were given preferential access to provincial medical services in the past. MLAs used to be paid for sitting on a legislative committee that never met. These sorts of ethical troubles set the stage for Redford’s own spending to be portrayed as a deepening sense of entitlement in the ruling party.

Politics is not numerology. There’s no reason the new Alberta PC leader should fear the 43rd anniversary that marked the end of the Ontario PC run in office. The new party leader will have more than a year to get the house in order before it will be time to face the voters.

Ian Brodie is research director at the School of Public Policy at the University of Calgary. He was previously chief of staff to Prime Minister Stephen Harper from 2006-08 and executive director of the Conservative Party of Canada.

irbrodie@ucalgary.ca
While Rob Ford’s global notoriety now transcends the boundaries of both geography and taste, his political narrative is still valuable as a reminder of the divisions in Toronto. Ford appealed to people in Toronto’s inner suburbs who felt a world away from the habits, concerns and values of Old Toronto. In the race to replace him, victory will go to whoever can bridge the divide Ford exploited to get elected in the first place.

While, on the surface of it, the Toronto mayoral race may seem to be a straight choice between a crack-smoking international punchline and an array of other, less mercurial, candidates, it is really a tale of two Torontos: old downtown Toronto and the city’s inner suburbs.

This divide is a variation on the great have/have not divide, one so rarely addressed directly by politicians at any level in Canadian civic society. While Toronto’s economic divisions are most pronounced, Vancouver and Calgary also demonstrate stark income inequality, while Montreal...
has more low-income residents than any other big city. In US cities, “tax the rich” has been a rallying cry, particularly in New York, where Bill de Blasio won handily with his own “tale of two cities.” Few would dare go that far here.

Ford’s appeal to the 99 per cent in Toronto was based on addressing geographic, not economic inequalities. As an outsider, he showed sensitivity to the alienation the outer city feels from the success of old Toronto. His remarkably smooth sailing in the suburbs racked up sufficiently huge majorities that the still-impressive leads his rival George Smitherman won downtown hardly counted. With 59 per cent in suburban Scarborough and an average of over 63 per cent in the two Etobicoke wards on the other side of the city, Ford left Smitherman’s decisive 55 per cent in downtown Trinity Spadina meaningless in his wake.

No politician—federal, municipal or provincial—dare ignore the two Torontos that have emerged since amalgamation in 2008. Poorer struggling families, visible minorities and immigrants are far more concentrated in the inner suburbs than in the core city itself. These same neighbourhoods were successfully courted by the Harper Conservatives, who took five seats from the Liberals in the last election. Deprived of the same level of public services and transit as the downtown, they happily blew Ford into office on promises of lower taxes, subways and no more “gravy train” for the elites.

Despite his self-proclaimed status as victim of the media and the police, Ford’s moral lapses have clearly alienated much of the 55 per cent of the vote he got from the immigrant community in the second Toronto. Who can bridge the divide and capture this vote?

Eas as it may seem for Chow to attract the immigrant vote because she lived the immigrant experience, she faces the new conservative political orthodoxy all politicians have to deal with, and of which Ford is the undisputed national champion. It is contained in his simple message—lower taxes, less government—which means less government. Sound familiar?

John Tory represents moderate conservatives and the Toronto business community. Will Tory and Chow divide the anti-Ford vote in this tale of two Torontos? Flickr photo

Now that Ford has attained such notoriety and been stripped by council of all but ceremonial duties, the core “Ford Nation” vote has sunk to perhaps 20-25 per cent. Despite his self-proclaimed status as victim of the media and the police, Ford’s moral lapses have clearly alienated much of the 55 per cent of the vote he got from the immigrant community in the second Toronto. Who can bridge the divide and capture this vote?

Popular former NDP MP Olivia Chow can. In a fascinating blog post by Robyn Doolittle about why the tenacious Toronto Star journalist did not mention Chow in her sensational expose of Ford, Crazy Town, she nails obvious contrasts: “...for me, there was no better personification of the urban-suburban divide than Rob Ford and Olivia Chow. One is a woman. One is a man. One is a petite Asian woman. One is a 300-pounds-of-fat white male. One is a New Democrat. One a far-right conservative. One lives in the heart of downtown. One in the heart of Etobicoke. She loves to cycle. He drives an SUV. The black and white of it is all so poetic. But what makes that contrast especially fun... is the fact that: while Rob Ford won... in a landslide...Olivia Chow has been consistently crushing him in the polls for a year and a half.” Chow may not focus on income inequality, but caring about it is in her DNA.

John Tory is a stalwart community advocate with impeccable business credentials who could attract this floating conservative vote. He is not a manic austerity champion, but exudes responsible management skills. He’s a mature establishment figure who has been dealing understanding and fairness on his popular radio drive show for several years.

John Tory is a stalwart community advocate with impeccable business credentials who could attract this
floating conservative vote. He is not a manic austerity champion, but exudes responsible management skills. He’s a mature establishment figure who has been dealing understanding and fairness on his popular radio drive show for several years. Tory is a former confidant of the difficult Ted Rogers and son of the lawyer who managed Ken Thomson’s affairs. He had the honour of running unsuccessfully for mayor in 2003, and the misfortune of losing his own seat to now Premier Kathleen Wynn in the 2007 provincial election. His efforts to define himself politically are ongoing, and his appeal in the inner suburbs may be limited. But on the trust issue, he has an edge.

We know from the 2010 municipal election results that Ford Nation essentially surrounds the old City of Toronto. These outlying areas are also home to the highest concentration of visible minorities in the city and have seen the biggest drops in average incomes.

One other candidate further confuses the mix. Karen Stintz is former chair of the beleaguered Toronto Transit Commission, and is tough and attractive. Her positioning: “I’m like most people who live in the city,” she says. “I have a family, I have a mortgage, I have two kids, two dogs. I have challenges. I’ve got the same pressures that people have every day. I suffer from gridlock. I have financial considerations as well. Not only do I have a track record, I get it.” All this, of course, to contrast with Ford’s dysfunctional background.

Among those who voted for the mayor in 2010, 75 per cent still approved of his job performance even after some of his early scandals were breaking. The anti-Ford camp tends to explain this stubborn refusal to accept mounting evidence as a symptom of the culture war between downtown and the suburbs. On one side are the elitist downtown progressives who favour public transit, walkability, cycling, densification, lattes and street festivals; on the other side are the suburbanites, who prefer private space, low-density living, commuting by car, Tim Hortons and backyard barbecues.

We know from the 2010 municipal election results that Ford Nation essentially surrounds the old City of Toronto. These outlying areas are also home to the highest concentration of visible minorities in the city and have seen the biggest drops in individual incomes.

This narrative doesn’t tell a true story about Toronto. There is a deep divide in the city, but it’s a class-based conflict between haves and have-nots—or, more precisely, between neighbourhoods with improving prospects and neighbourhoods on the decline. And Ford Nation hails largely from the latter.

Ford connects with the marginalized and disaffected better than anyone on the left. Voters see him as a straight-talker. His willingness to return their calls or knock on their doors means a lot to them—he offers the type of direct, immediate response they so rarely get from government services. Ford’s supporters also distrust journalists, who, in their view, show up solely for the purpose of running their communities down. No wonder Ford keeps insisting the press is out to get him. It establishes a shared bond.

A former Ford strategist once told me that Occupy Toronto and Ford Nation were essentially two sides of the same coin—that both movements were born of the same frustrations, stemming from the city’s growing socioeconomic disparity. Ford has earned every ounce of scorn and derision he’s getting as a result of this scandal, but Ford Nation has not. Its members deserved better from their candidate, and they deserve better from their city.

Contributing Writer Patrick Gossage is the founding chairman of Media Profile, a Toronto-based communications consulting firm. He is the author of Close to the Charisma, a bestseller on his years as press secretary to Pierre Trudeau. Disclosure: Gossage was an adviser on the Chow campaign’s communications team.

patrick.gossage@mediaprofile.com
With the successful negotiation of the Canada-Korea Free Trade Agreement, Prime Minister Harper has secured historic preferential access to a key Asian market. Yet the agreement’s true significance may be that it provides Canada with the bargaining power to determine the fate of the Trans Pacific Partnership. With US leadership distracted by domestic political considerations and potentially hamstrung by the absence of fast-track authority from Congress, Canada has a unique role to play in the negotiations.

The Canada-Korea Free Trade Agreement is an achievement of historic importance. Not only does it provide Canada with its first trade agreement with a priority market in Asia, it eliminates a crippling competitive disadvantage that many Canadian firms have faced relative to their US counterparts.

Moreover, and contrary to some accounts, the Canada-Korea agreement will not simply benefit the beef and pork sectors—though it clearly will. It promises to offer unprecedented ac-
ccess for the aerospace, telecommunications, forestry and professional services industries from across Canada.

Even the auto sector, which certain interested parties have argued could ‘lose’ in the deal, has the potential to seize previously unattainable opportunities in the Asian supply chain—which may explain why only a single auto manufacturer, out of five with production facilities in Ontario, actively opposed it.

Yet, the agreement’s true significance goes far beyond increased trade with Korea. As Prime Minister Harper explained upon his return from Seoul, it provides Canada with far greater flexibility and bargaining power in the pursuit of future agreements—most notably the Trans Pacific Partnership (TPP).

The TPP is certainly among the least understood of Canada’s trade priorities: A multinational initiative that seeks to integrate various economies from around the Pacific Rim, viewed by some as a potential counterbalance to China. At the moment, however, its potential is being overshadowed by its problems.

Multilateral negotiations are, without question, more complicated than one-on-one bilateral talks. This fact was certainly appreciated by the TPP’s founding members—New Zealand, Chile, Singapore and Brunei—who nevertheless allowed the list of member countries to grow to include not only the United States but also Australia, Japan, Malaysia, Mexico, Peru, Vietnam and, of course, Canada.

Prime Minister Harper explained the resulting quandary in his post-Korea appearance before the B.C. Chamber of Commerce: “There are twelve countries around the table, but, frankly, we are not sitting around the table very much. It is mostly the United States talking to each country individually.”

He continued: “I’m not quite sure how that’s going to work in terms of getting to a comprehensive deal, but that dynamic has really been driven by the Americans, and, as I say, us having a range of other oars in the water, including our negotiations with Japan, is greatly helpful.”

Continuing with that nautical theme, then, the TPP is not unlike a ship sailing the Pacific Ocean with multiple captains—each seeking to grab the ship’s wheel and steer it to a different destination. In that contest, as in so many others, the United States has been the largest, strongest and most assertive captain.

The TPP is not unlike a ship sailing the Pacific Ocean with multiple captains—each seeking to grab the ship’s wheel and steer it to a different destination. In that contest, as in so many others, the United States has been the largest, strongest and most assertive captain.

That could soon change—albeit briefly. While President Obama has consistently stated that the TPP is the United States’ single most important trade priority, it is not clear that there are many who share that view—even within his own party.

The Obama administration had hoped to have concluded the TPP talks before the end of 2013 to prevent it from being overtaken by domestic concerns in the lead up to the 2014 mid-term elections. That deadline passed, and the recently revised US timeline now hopes a deal can be reached before 2015.

The challenge for Obama has been that some of the TPP countries, most notably Japan, have expressed a reluctance to finalize sensitive areas—especially market access—before the US Congress has given him “fast track” trade promotion authority (TPA), for Congress to vote trade agreements “up or down” without amendments.

Absent fast track, any deal negotiated by the Obama administration risks being amended by Congress—an outcome that would almost certainly result in further US demands. Congressional leadership of his own party is leery of providing Obama with fast track authority absent a clearer sense of what the TPP’s final outcome is likely to be.

Therein lies the proverbial “chicken and egg” problem: Which comes first, the TPP or the TPA? Some believe Obama needs a TPP deal in hand to get the TPA, whereas others claim that there will be no TPP unless or until he first gets the TPA. Either way, the disruption creates an enormous opportunity for Canada.

Having concluded free trade agreements with Korea and the European Union, Canada is in a very advantageous position relative to other TPP members. As the PM has noted, “the more agreements we have, the less we desperately need the next one—and, therefore, the more flexibility we have at the bargaining table.”

Having concluded free trade agreements with Korea and the European Union, Canada is in a very advantageous position relative to other TPP members. As the PM has noted, “the more agreements we have, the less we desperately need the next one—and, therefore, the more flexibility we have at the bargaining table.”

Harper and his government therefore have a choice to make: How will Canada use this newfound bargaining power? How important is the TPP? Will we work to salvage or scuttle it? To the extent that these questions have yet to be answered, they warrant further discussion.

If the midterm elections will temporarily distract Obama from his pursuit of the TPP, there could be a narrow window of opportunity—maybe six months—in which another leader could seize the helm. Diplomacy, like nature, abhors a vacuum, and Harper could step in (or step up) to fill the void.

If Harper wanted to salvage the TPP, there are clear limits to what Canada could do on its own. To chart a new course for the TPP, or to restore it to what its creators originally intended, Canada would need to work with countries who share our aspirations for an agreement.

Because of the strong relationships that Harper has with his counterparts in New Zealand and Australia, they may be our most
logical partners. Yet, despite those friendships, either or both might ask Canada to offer a clearer sign of our commitment given how the negotiations have evolved thus far.

One approach could be for Canada to champion greater market access to key agricultural sectors. To that end, we would need to reaffirm our willingness to discuss possible concessions related to supply management—especially dairy—in order to conclude a deal.

Yet, even if we were able to find common cause with New Zealand and Australia, that group would still only represent a quarter of the TPP members. To bring about a meaningful change in direction in the face of potential opposition from either or both the US and Japan, Canada would need no fewer than half.

In seeking to identify three additional countries to join a joint effort, one can’t help but note that Brunei, Malaysia and Singapore share another common tie with Australia, Canada and New Zealand—we are all members of the Commonwealth.

While a united front of Commonwealth countries couldn’t overpower the Americans, in the sense of forcing them to accept an agreement that was neither to their liking nor in their interest, it has the potential to disrupt their “hub and spoke” negotiation strategy. That, in turn, may turn the tide in Canada’s favour.

There is, some argue, another option. Canada already has free trade pacts with the US, Mexico, Chile and Peru. Of the remaining TPP countries, the most strategically significant is Japan—with whom we are actively engaged in concurrent bilateral negotiations. Beyond Japan, free trade with the other TPP countries could arguably be characterized as ‘great to have’, but perhaps not ‘must have’.

For these reasons, there is a growing chorus of those who contend that Canada’s interests might be better served if we leveraged our increased bargaining power to swiftly secure a bilateral economic partnership agreement with Japan—even if doing so risks undermining our position in the TPP negotiations.

Not coincidentally, the Japanese press recently reported that there may be a side deal between Japan and Canada to protect our respective dairy industries. While any such backchannel arrangement might impede progress on the TPP, it could help solidify Canada’s relationship with Japan at a crucial phase of our bilateral negotiations.

If Canada were able to secure preferential access to Japan before the US, it would give Canadians firms a huge advantage relative to their American competitors. It would also strengthen Canada’s bargaining position within the TPP, as we would gain the ultimate negotiating tactic: The power to walk away.

Canada must now choose between two good options. The Korea free trade agreement has given us both the opportunity and capacity to salvage or scuttle the TPP. It is now up to both government and industry to determine which option is in our national best interests.

Jack Hughes is a vice president at Hill + Knowlton Strategies Canada and is the leader of the company’s Procurement + Trade group. jack.hughes@hkstrategies.ca
The benefits that innovative medicines offer Canadians go well beyond their basic cost. Yet, innovative technologies, especially new (or patented) medicines, are nevertheless unduly targeted for cost-containment and rationing by policy makers. These efforts are short-sighted and have their own hidden costs. Aside from the underappreciated administrative costs, such policies create a cascade of unintended consequences. They limit potential health gains by reducing access to the best available treatments for Canadians. They also hinder the adoption of technologies that can more efficiently achieve desired health outcomes, and they discourage future pharmaceutical innovation, to the detriment of Canadian patients.
tive to other health system expenditures. The relatively small direct budget impact from spending on new medicines and vaccines in particular, simply does not justify the substantial expenditure of resources that are devoted to regulating and managing their costs, particularly in comparison to their benefits for the rest of our health system.

More importantly, the benefits that innovative medicines offer Canadians go well beyond their basic cost. Yet, innovative technologies, especially new (or patented) medicines, are nevertheless unduly targeted for cost-containment and rationing by policy makers.

The cost of new medicines is the primary excuse driving interventionist policies and proposals, including:

- Increasing price regulation of patented medicines;
- Restricting insured coverage for new medicines;
- Overriding patient choice and health professional expertise in prescribing;
- Nationalizing private-sector drug insurance;
- Imposing a national monopsony over publicly-funded drug sales (e.g. the interprovincial government initiative known as the Pan-Canadian Pricing Alliance); and
- Not adhering to international trade treaty standards for the protection of life sciences intellectual property rights.

These cost-containment schemes are short-sighted and have their own hidden costs. Aside from the underappreciated administrative costs, such policies create a cascade of unintended consequences. They limit potential health gains by reducing access to the best available treatments for Canadians. They also hinder the adoption of technologies that can more efficiently achieve desired health outcomes, and they discourage future pharmaceutical innovation, to the detriment of Canadian patients.

By targeting new medicines for cost containment, policy-makers are incurring greater opportunity costs from lost health improvements and associated savings for the health system, as well as lost potential productivity gains.

Most people are unaware that the CIHI numbers include costs that are not directly attributable to patented medicines.

CIHI’s numbers for total drug spending are commonly misunderstood to be equivalent to the specific costs of the narrower group of innovative or patented medicines.

By targeting new medicines for cost-containment, policy-makers are incurring greater opportunity costs from lost health improvements and associated savings for the health system, as well as lost potential productivity gains.
Accurate statistics on the spending directly attributable to innovative medicines can be sourced to the federal drug price monitor, the Patented Medicine Prices Review Board (PMPRB). The PMPRB counts the direct sales of all patented medicines at $12.8 billion in 2012.

A November 2013 report by the Canadian Health Policy Institute (CHPI) uses the most recent comparable data from the PMPRB and CIHI to calculate the specific impact of patented medicines on the cost of healthcare in Canada.

According to the CHPI analysis, total (national, public and private) direct spending on patented medicines ($12.8 billion) accounted for only 6.2 percent of the $205.9 billion spent in total on healthcare in 2012.

The CHPI study also compared relative growth rates between patented medicines and other health spending. The data show that direct spending on innovative medicines grew by only 4.1 percent from 2007 to 2012, while spending on all other health care (excluding patented medicines) grew by 30.5 percent.

Adjusting for population, the analysis showed that per capita spending on patented medicines actually declined -1.8 percent from 2007 to 2012, while per capita spending on all other health care grew by 23.2 percent.

Spending on innovative medicines is very affordable relative to income. Per capita spending on patented medicines was $366.97 in 2012, accounting for less than one percent (0.70 percent) of per capita GDP ($52,248.98).

The data also show that per capita spending on patented medicines has steadily declined as a percentage of per capita GDP for the last 8 years, falling from 0.85 percent in 2004 to 0.70 percent in 2012.

The CHPI report also separately examined government spending on innovative medicines. Provincial/Territorial (P/T) government spending on patented medicines (excluding drugs used in hospitals) was estimated at $4.7 billion or only 3.5 percent of the $134.7 billion total spent by P/T governments for health care in 2012.

Government spending on patented medicines has been declining, while other health spending has increased. Overall, total P/T government spending on patented medicines declined -2.8 percent from 2007 to 2012, while P/T government spending on all other health care increased by 31.7 percent.

The decline in government spending on patented medicines is even more pronounced when the data are adjusted for population growth. On a per capita basis, P/T government spending on patented medicines declined -8.2 percent from 2007 to 2012, while per capita P/T government spending on all other health care increased by 24.3 percent.

Slower spending on innovative medicines is partly explained by the fact that the patent status of several products has expired during the last several years. But Canadians should also be aware that slower spending growth is partly due to government decisions to restrict access to the newest medicines. This is evidenced by another CHPI study that compared public versus private insurance coverage for new medicines.

The CHPI study found that of the 39 new medicines approved by Health Canada in 2012, 36 (92 percent) were covered by at least one private drug plan compared to only 11 (28 percent) that were covered by at least one public plan—as of December 1st, 2013.

For the new medicines approved for sale by Health Canada in 2012 that were eventually covered under at least one private plan and at least one public plan, private drug plans took 143 days on average to approve coverage compared to 316 days for public drug plans.

Cost concerns are driving rationing, but policy-makers should not consider costs in isolation from the overall benefits received. Innovative medicines are an efficient means for treating illness and improving health—and this saves potential costs for the health system. Further, a healthy population is the basis for a more productive workforce. The socio-economic and health benefits generated from the use of innovative medicines are well established in research.

The seminal work on this subject has been led by Frank R. Lichtenberg of Columbia University, who has conducted dozens of studies empirically confirming the net benefits (benefits minus costs) from pharmaceutical innovation. In a famous 2002 study, Lichtenberg found that the use of innovative medicines reduced non-drug expenditures by 7.2 times as much as it increased drug spending.

More recently, the Conference Board of Canada published a study of the health and economic benefits associated with pharmaceutical spending in Ontario from 2007 to 2012. The research found that as of 2012, the $1.22 billion spent on the six classes of pharmaceutical medicines studied generated offsetting health and societal benefits of nearly $2.44 billion—a 2:1 benefit-to-cost ratio. The benefits included reduced demand for other healthcare resources (e.g. hospitalization, surgeries, and ER visits) and reduced productivity losses as people recovered and returned to work. This study also found that improving patient adherence to their prescribed medicines would further increase these benefits.

The evidence is clear. The small impact of innovative medicines on total health costs means that even the most extreme rationing of new medicines will not return significant overall savings for the health system. In fact, just the opposite is true: cost containment efforts that reduce access to new medicines are counter-productive. The societal health and economic benefits from providing access to innovative medicines far outweigh the upfront costs.

Brett J. Skinner is the Executive Director, Health and Economic Policy, Rx&D.
Recent changes to the country’s Copyright Act have created a new legal copyright framework for educators that will have profound effects on how Canadians learn for years to come. Federal copyright reform had the dubious distinction of attracting more registered lobbyists than any other proposed legislation in the House of Commons. This is an account of how Canadian courts and governments reconciled fairness for both the Canadian education sector and owners of copyright works.
tions of time, distance and a physical classroom.

However, prior to changes made to the country’s copyright law in 2012, the Canadian intellectual property framework did not address digital learning. This created uncertainty in the teaching community about what was and was not legal. For this reason, educators engaged in what became a prolonged effort to provide a clear legal framework governing the use of digital technology in the classroom.

For 15 years, parliamentarians, judges and policy makers grappled with the question of what was fair to both owners and users of classroom resources such as books, music, DVDs and movies. As provincial and territorial governments have constitutional responsibility for education, their ministers played an essential role in representing the interests of students and teachers in the federal copyright reform process as it played out in over a decade of public debate. The provincial and territorial education ministers formed a copyright consortium under the Council of Ministers of Education, which includes all ministers of K-12 and post-secondary education, with the exception of Quebec.

The digital learning discussion took place in both Parliament and at the Supreme Court of Canada. In Parliament, MPs debated how to bring the copyright law into the 21st century. At the Supreme Court, on two occasions over the past decade, justices provided guidance on what is fair in both library and educational contexts.

In 2012, Canadian students and teachers benefited from changes to the copyright law that provided important clarifications about how copyright applies to the education sector. It is important to understand that copyright is an issue that is as much about Canadian core values as it is about who pays and who gets paid. Copyright law provides rights to owners to collect royalties when their works are used.

The unfolding story of how policy makers modernized Canadian copyright law illustrates what can be achieved with a clear objective and a persistent application of a principled policy stance. A more detailed examination of what happened over the last 15 years illustrates how good public policy can be developed and set down in Canadian law.

In 1998 it was becoming apparent that the Internet was evolving to serve two distinct purposes—as a business tool and as a communications medium for sharing ideas. A legal framework needed to be established to reflect these two emerging realities.

The communications part of the Internet has tremendous amounts of material that has been posted with the intent of being shared, not sold. It serves as a Speaker’s Corner or public commons, rather than a bookstore. Educators recognized early on the value of this publicly available material for teaching and learning. They sought to ensure access to and use of these materials for students and teachers as a user’s right in the Copyright Act.

In the early 2000’s, educators proposed the Educational Use of the Internet amendment to the federal government. The amendment permitted educational use of publicly available Internet materials without infringing copyright. Safeguards to protect the rights of copyright owners were included. One safeguard was that the material needed to be publicly available; it could not be encrypted or password protected. Another safeguard was that the material had to be posted on the Internet with the consent of the copyright owner. Educators also proposed that a copyright owner could prohibit educational use by placing a clearly visible notice on their publicly available Internet material prohibiting educational use without consent. Even though the proposed amendment contained these safeguards, the debate about the Educational Use of the Internet amendment pitted the Goliaths of the publishing, film, and music industries against the Canadian education sector.

To ensure that voices were heard in the multiple federal copyright consultations, a coalition was forged representing the needs and interests of the public education sector. The coalition included provincial and territorial education ministers and their ministries, school boards, teachers unions, universities, colleges, and parent-teacher associations. Collectively, it represented the needs and interests of seven million Canadian students, teachers and parents.

Whenever Parliament revises copyright law, the granting of new rights is highly contentious. It is not surprising then that federal copyright reform has the dubious distinction of having more registered lobbyists than any other proposed legislation in the House of Commons.

Whenever Parliament revises copyright law, the granting of new rights is highly contentious. It is not surprising then that federal copyright reform has the dubious distinction of having more registered lobbyists than any other proposed legislation in the House of Commons.

It took relentless advocacy, and ultimately a change in the federal government, to have the Internet amendment introduced into the proposed copyright law. Through three prime ministers, a dozen federal ministers, four federal elections and four copyright bills in Parliament, educators remained focused on their conviction that it is fair and reasonable for teachers and students to use publicly available Internet material for learning purposes.
In the end, the Harper government responded positively to educators’ core arguments respecting digital copyright, not only with respect to the Internet amendment but in other ways that demonstrate an understanding of the value of education in Canadian society.

While Parliamentarians participated in a prolonged copyright debate, the Supreme Court of Canada was also considering issues related to fairness under the Copyright Act.

Lower court decisions found that it was not fair for teachers to copy short excerpts for students. Education Ministers of the CMEC copyright consortium then took this issue to the Supreme Court to clarify fairness in the classroom. Specifically, they asked the high court to decide if it was fair for teachers to copy short excerpts from copyright-protected works for their students to supplement class resources.

Ministers believe it unreasonable for copyright law to require the purchase of an entire copyright-protected work when students only need a short excerpt. For example, it is unreasonable for copyright law to require the purchase of an entire textbook when students only need a few pages. Permitting teachers to copy short excerpts for students would allow teachers to augment their learning resources. This would place Canadian students and teachers on a level playing field with their counterparts in the United States, Australia, Germany, the Netherlands, Israel, and Japan.

In 2012, the Supreme Court issued a decision affirming the belief of education ministers that it was fair for teachers to copy short excerpts for their students. As a result of this landmark decision, students now have the benefit of lessons enriched with supplemental learning materials. Uses of copyright material that previously required royalty payments no longer require payment.

Throughout both these legislative and judicial processes, educators remained steadfast. They demonstrated strong and committed leadership, continued to present a reasoned workable solution, and dedicated resources to create and maximize opportunities to continually present their arguments.

This was the effective mix of ingredients that resulted in a redefined policy framework on what is and is not fair when students and teachers use the copyright works of others. In this way, educators successfully redefined education and copyright for the digital age. For the authors, this recipe would be helpful in any public policy change process to generate a successful outcome.

Educators demonstrated that when you have a sound and reasonable policy objective, maintain clarity of purpose, and stay with a principled approach, you can reshape the policy landscape of a nation.

Wanda Noel is an Ottawa lawyer specializing in copyright. wanda.noel@bell.net

Chris George is communications adviser to the Council of Ministers of Education, Canada (CMEC) copyright consortium. chrisg.george@gmail.com

Shannon Delbridge is executive director of corporate policy for the Nova Scotia education department chair of the provincial and territorial ministers steering committee on copyright. delbrisd@gov.ns.ca
What’s the next big thing for Canada? Canada 2020 asked former prime minister Brian Mulroney to answer that question and, on April 8 in Ottawa, he responded. Many of Mulroney’s initiatives as prime minister were big, bold projects such as the North American Free Trade Agreement, the Goods and Service Tax and the Acid Rain Accord. So, it was no surprise that his policy prescription for today was no less ambitious.

What is “the next big thing” for Canada?

In Prime Minister Pearson’s time, the answer might have been the Canadian flag, the Auto Pact and the creation of the Canada Pension Plan. Prime Minister Trudeau will always be known for the Charter for Rights and Freedoms and patriation of the Constitution.

My terms in office will probably be remembered for the Canada-US Free Trade Agreement, and NAFTA and the GST, initiatives that—like those of my predecessors—transformed Canada.

This is a new world—different from that of Pearson, Trudeau or myself—complex, and challenging, but one with enormous promise for Canada.

As we look to the future, Canada has many reasons for optimism. At the last G8 our government stood tall, a beacon of fiscal rectitude in a turbulent world with one of—if not the—strongest economies in the industrialized world by most objective criteria.

How did this happen? Well, it did not happen overnight, nor under one government or one political party. It happened because, for the better part of almost 30 years, four governments of different political stripes followed similar economic policies that generated stable economic growth, solid job creation, sensible public financing and a more confident national fabric.

Foundational initiatives by our government such as the Canada-US FTA and NAFTA, along with a wave of privatizations, extensive deregula-
tion, historic tax reform and a low inflation policy dramatically reduced program spending while trimming the deficit, laid the basis for growth and enabled Canada to compete vigorously in a rapidly globalizing world.

Jean Chrétien had very important decisions to make when he formed the government in 1993. He could have repudiated our trade agreements and tax reform because he had campaigned vigorously against both NAFTA and the GST. Instead, Mr. Chrétien put campaign rhetoric aside and sustained both the trade and tax initiatives as pillars of record prosperity for Canada. To his credit, Mr. Chrétien, aided by Finance Minister Paul Martin, used the great economic benefits from free trade and the proceeds of the GST to eliminate the deficit over time and begin the process of paying down the debt in an orderly fashion.

By acting as he did, while slashing government spending and making large investments in university research and significant advances in R&D generally and searching out new avenues for international trade, Prime Minister Chrétien ensured the continuity of policies that were neither Tory nor Grit, Liberal nor Conservative. They were Canadian, designed to serve our national interest and strengthen our national sovereignty.

This was followed by important measures by the Martin government and by the present Harper government with their sound and impressive management of the economy, along with beneficial changes to corporate and personal taxes introduced by Finance Minister Jim Flaherty. All of which strengthened our public finances and allowed us to withstand better than most the ravages of the recent economic crisis.

No one should underestimate the value of this continuity. Serious public policy can only be conceived and practised over decades—not four-year terms. We have had the great good fortune to see governments of different stripes “pass and accept the torch” over the past 30 years, rather than stop, and then try to start a new game based on discredited ideologies or personal agendas.

Only a prophet, or a fool, would predict the future. The management guru Peter Drucker once said “the best way to predict the future is to create it.”

We have enormous potential—the third largest supply of crude oil in the world—174 billion barrels—much of which lie in the oil sands. More importantly, what we have in Canada represents more than half of the global oil reserves that are open to the private sector for development.

The good news is that Canada is better positioned than many to take advantage of the fluid state of global affairs, provided—and this is a big if—we can get our act together to accentuate our strengths—notably our resource base and our energy capabilities in particular—to deliver prosperity and employment for Canadians for decades to come.

And that is the big idea I want to discuss with you tonight.

We have enormous potential—the third largest supply of crude oil in the world—174 billion barrels—much of which lie in the oil sands. More importantly, what we have in Canada represents more than half of the global oil reserves that are open to the private sector for development.

Just think of this as well: Canada ranks first in the world in potash and titanium, second in uranium, third in natural gas and aluminum, fourth in diamonds and fifth in nickel. We are also a significant source for iron ore. We are the world’s third largest producer of hydroelectricity and have the potential to more than double our current capacity.

And it is important to recognize that the natural resource sector generates a disproportionate share of Canada’s wealth. In 2011, this sector directly accounted for 15 per cent of nominal gross domestic product (GDP) and nearly 800,000 jobs.

An additional 800,000 jobs in other sectors were supported by the purchase of goods and services by the resource sector. All of which is to say is that many of us would likely be out of a job were it not for the abundance of natural resources in Canada.

Bear in mind, too, that extractive industries are also some of the most innovative and productive sectors of the economy, now being driven by space age technology and computers.

A study by the prestigious RAND corporation, for example, found that Canadian mining companies were far more productive and innovative than even their US counterparts. The key reason for higher levels of productivity in Canada versus the US had to do with the focus of Canadian mining companies on “breakthrough” as opposed to “incremental” innovations and a much higher tolerance for risk.

Most Canadians are unaware that fracking and horizontal drilling technology for extracting non-conventional oil and gas reserves, which have revolutionized this sector worldwide and dramatically changed the United States’ own energy fortunes, were pioneered in Canada.

The key reason for higher levels of productivity in Canada versus the US had to do with the focus of Canadian mining companies on “breakthrough” as opposed to “incremental” innovations and a much higher tolerance for risk.

It is one thing to have an idea or a bold objective, quite another to deliver. As Thomas Edison once observed “vision without execution is hallucination.” The biggest challenge is uncertainty. The resource sector has hugely capital intensive projects with a long life. But these projects cannot go forward if they become captive of seemingly endless processes and reviews. Public policy has a critical role to play in reducing some of that uncertainty and promoting the Canadian resource sector in emerging markets.

We cannot allow our regulatory regime to be gamed by those who simply want to disrupt any form of development. There are clear lessons from history on this.

We need sensible environmental policies, of course, because Canadians are justifiably proud of our pristine environment. My government earned plaudits for our action on the environment, which was an important
Policy

priority for us in all of our initiatives. I was greatly honored to have been voted Canada’s Greenest Prime Minister by leading environmental groups. But we were always conscious of the need for balance between sustainability and growth.

Trade agreements are vital to access and to prosperity and I commend the government for its success on the negotiating front but you cannot sell what you cannot ship. Nor can you do it without the investments, the talent and a shared commitment from all who would be affected.

Put simply, we cannot market our resources globally if we do not have the infrastructure—political and industrial—to deliver them to market. That is precisely why we need a strong national commitment to build the infrastructure that will enable us to bring our abundance of natural resources—our most vital comparative advantage—to global markets, notably to the dynamic Asian economies where much of global growth is occurring.

We need pipelines to carry our crude oil to our west and east coasts. And we definitely need to see the Keystone XL pipeline approved. A negative verdict by the US government would contravene a major tenet of NAFTA under which the US was guaranteed unfettered supply in exchange for unfettered access by Canadian exporters to its market.

We have to understand that, while demand for much of what we have is strong, we operate in a highly competitive global market. We cannot sit back, contemplating our collective navel and expect customers to knock on our door. We have to demonstrate convincingly that we are capable of doing what is required to earn their confidence that we are a reliable, efficient source of supply. Regrettably, that is not the reputation we have today.

The US will continue to be our most important market but one lesson we have learned from the hassle over Keystone is that we cannot rely exclusively on the US for any export. Just imagine though, a positive verdict on Keystone that could be a catalyst for broader cooperation on energy between Canada and the US. If we decide first to get our own house in order, we could engage the Americans from a position of strength and relevance, making energy independence in North America a near term reality and generating significant capacity for influence in world affairs.

Ramping up LNG exports can facilitate a reduction in the number of coal-fired plants in China and Asia—unquestionably the major menace today in terms of carbon emissions. As a welcome bonus, increased supplies of natural gas in North America may also help wean the US off its heavy reliance on coal for power.

North America working together as a dynamic, coherent player would be much stronger engaging with China and the rest of the world. Energy sufficiency gives us greater independence
to chart our own course and can be a source of real leverage with others. Standing together, North America can lead the world, but only with vision and real leadership from the top.

Never forget that, to get attention in Washington, you need to be relevant to America’s own agenda—domestic and global. Canada’s best asset and our best leverage in Washington should be our energy resources, not just because of what it can contribute to US economic prospects but also because of the heft it can give us with America’s global challenges and our own.

Never forget that, to get attention in Washington, you need to be relevant to America’s own agenda—domestic and global. Canada’s best asset and our best leverage in Washington should be our energy resources.

As with any major bilateral initiative, Canada will have to do its homework thoroughly and then take the lead—as we did with the FTA and the Acid Rain Accord.

As with free trade, this will not in any way diminish Canadian sovereignty. It will only increase Canadian prosperity.

Wayne Gretzky’s exceptional hockey talent was knowing where the puck was going to be, not where it was. We should follow the Gretzky technique with a trade diversification strategy that focuses like a laser on where the future growth will be, especially in Asia and also here in our own hemisphere, in Latin America.

By 2035 China’s energy consumption is expected to rise 60 per cent surpassing that of the US. In India, demand will more than double. In the next four years alone the GDP of Asia is estimated to grow from $22 trillion to almost $29 trillion or 32 per cent.

The National Intelligence Council of the US predicts that by 2030 “Asia will have surpassed North America and Europe combined in terms of global power based on GDP, population size, military power and technology investment.”

We ignore that trend at our peril.

There are days frankly when we seem to be like the fellow who was born on third base and thinks he hit a triple. We take too much of what we have for granted, believing mistakenly that our vast resources will generate prosperity just by being there.

There will be no powerful explosion of development in our entire energy sector unless there is agreement among the major players and interests.

And who are they?
• The First Nations.
• The affected provinces that control the resources.
• The stewards of our environment.

Canada is a vibrant federation. We are not a unitary state. Ottawa cannot act unilaterally to resolve this matter. The federal government must urgently initiate avenues of cooperation with all stakeholders to ensure that we move forward in the national interest.

Without their active involvement and enthusiastic cooperation, our natural resources will remain in the ground. Canada is a vibrant federation. We are not a unitary state. Ottawa cannot act unilaterally to resolve this matter. The federal government must urgently initiate avenues of cooperation with all stakeholders to ensure that we move forward in the national interest.

A vigorous national commitment to develop the resources and build the necessary infrastructure must be complemented by three essential undertakings:

First, a principled partnership with First Nations and the provinces that moves beyond grievances from the past to opportunities for the future;

Second, a realistic plan, using new technologies first and foremost, to reduce carbon emissions.

Third, a coherent plan to ensure that we are training people to harness the potential of our resource base.

So how would we move the ball forward on a project of this magnitude?

I suggest that what we now need for an exceptional, cohesive effort to make the most from our resource base is a clear commitment from the top, a unique, high quality organizational structure drawing expertise from across Canada, and a genuine partnership that will spearhead expansion of our resources, expedite infrastructure construction and bolster a broader diversification of our exports.

What might be called the Resource Development Office (RDO) that would have special power to counter interdepartmental turf squabbles, set clear priorities, streamline regulatory reviews and move beyond a chronic penchant to “boil the ocean” with analyses and consultations.

To lead this enterprise, we would need someone with the tenacity of Simon Reisman and the sensitivity of a Bob Rae or a Jim Prentice. Someone who has the absolute confidence and persistent attention of the prime minister.

It will not happen by osmosis and is much more than a task for governments.

The most essential ingredient for any “Big Idea” is leadership.

Leadership that not only anticipates the need for change but is determined to implement change. Not in pursuit of popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest. Thomas D’Arcy McGee, the most eloquent Father of Confederation, in his last speech in the House of Commons before his assassination, famously said: “He who seeks after popularity but to serve the national interest.

The test of true leadership hinges on judgements between risk and reward. Change of any kind requires risk, political risk. It can and will generate unpopularity from those who oppose change. The choice for Canada in a fast-changing global environment is either to adapt quickly and take advantage of the changes happening or watch from the sidelines.

Brian Mulroney was prime minister of Canada from 1984-93. From a speech to Canada 2020 in Ottawa.
The Government of Alberta’s Building Alberta Plan demonstrates our commitment to what Albertans told us matters most. Along with investing in families and communities, and living within our means, we’re working to open new markets for Alberta’s resources— which will fuel economic opportunities for the entire country.

We’re already leading the creation of the Canadian Energy Strategy to develop our resources and move them to market. And we will continue to support the proposed Energy East pipeline to Quebec and New Brunswick, and the proposed Keystone XL pipeline expansion to the United States. We’re also putting new rules in place to ensure that resource development is innovative, responsible and sustainable, with a clear vision of what Canada’s energy future can - and must - be.

Our Building Alberta Plan sets the stage for a stronger and more prosperous future for all Canadians – a future we can build together.

Learn more at BuildingAlbertaPlan.ca
“With over 40 years of experience, I can confidently say that Northern Gateway’s emergency response will be world class.”

- Dr. Ed Owens, expert on shoreline response

Northern Gateway is committed to protecting B.C.’s waters. That’s why we will plan, prepare for and implement international emergency response best practices.

— LEARNING FROM EXPERIENCE —

Northern Gateway has consulted with dozens of experts, including Dr. Ed Owens, an oil spill specialist who has acted as a consultant to the UN, the Arctic Council, and more. With over 40 years of experience, he was instrumental in helping us develop our marine emergency response program.

“I have worked closely with Northern Gateway to develop programs for enhanced spill response along all marine transportation routes. These programs will help ensure the environmental safety along the shipping routes.”

Northern Gateway will implement some of the safest marine operations practices from around the world to help prevent a marine spill from ever occurring. We are also preparing for the most effective response possible in the unlikely event of a marine emergency.

— EXCEEDING EXPECTATIONS —

Our marine emergency response practices go well beyond Canadian requirements. As Owens puts it:

“By placing emergency response capacity at various key locations along the proposed route, valuable time will be saved in the unlikely event of an oil spill – and in a marine emergency situation, response time is critical. But having the right equipment in the right places is not always enough. A world class response capability requires an experienced response team at both the management and operational levels, and integrated training to ensure that timely decisions make the best use of the equipment and resources.”

— IMPORTANT CONDITIONS —

This past December, the Joint Review Panel recommended that the project be approved, subject to 209 conditions – including ones that require Northern Gateway to implement effective spill response measures. We are working towards meeting these conditions, the same way we are working hard to meet the five conditions set out by the Province of British Columbia.

In short, Northern Gateway is committed to doing everything possible to build a safer, better project.

Learn more at gatewayfacts.ca

Working in partnership with B.C. and Alberta First Nations and Métis Communities, and leading energy companies in Canada
Croire à l’innovation énergétique au Canada?

ABB offre des solutions d’énergie et d’automatisation au marché canadien depuis déjà près d’un siècle. À titre d’acteur de premier plan en matière d’énergie, ABB a construit une grande partie du réseau électrique du Canada, dont bon nombre des systèmes et des composants ont été fabriqués et distribués depuis des usines de Québec. Forte d’une expertise d’avant-garde, ABB dessert l’Amérique du Nord à partir de plus de 45 établissements d’un océan à l’autre et 4 600 employés au Canada. www.abb.ca