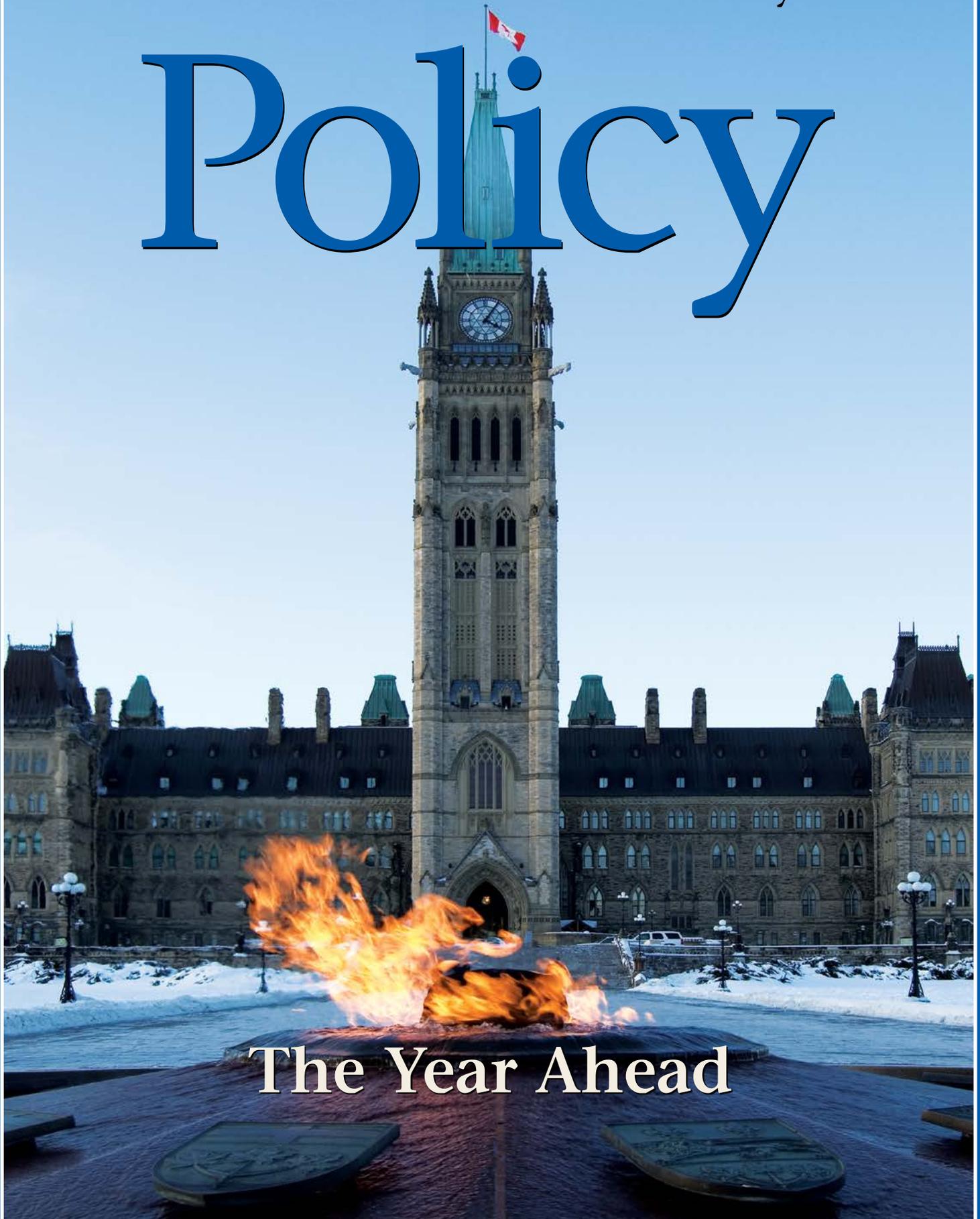


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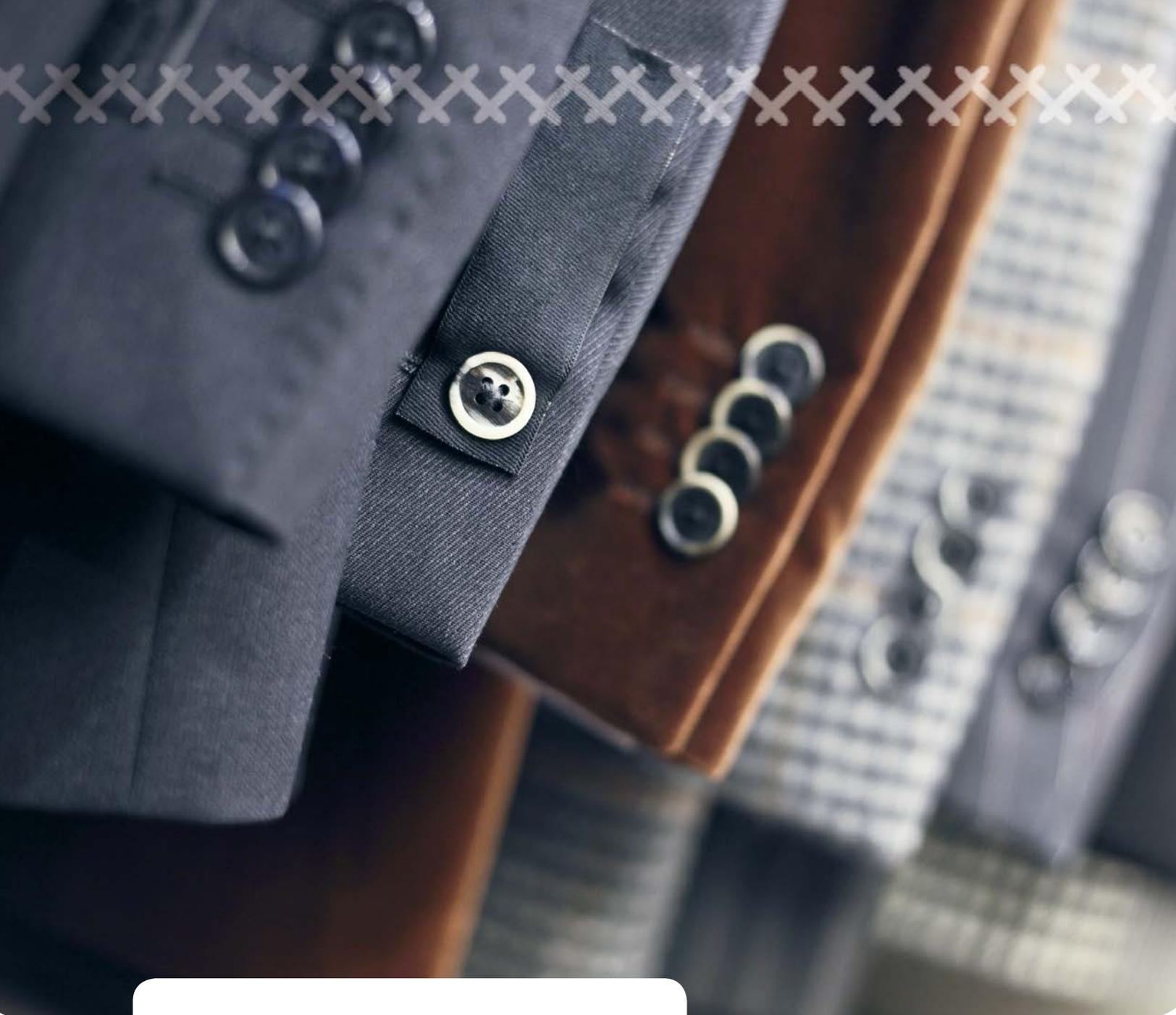
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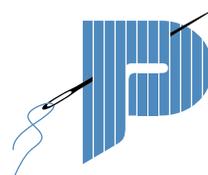


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A worker walks over West Block's newly-installed glass roof in November 2017.
Parliament of Canada photo

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From the Editor / L. Ian MacDonald

The Year Ahead

Welcome to *The Year Ahead*, our take on upcoming events in Canada and around the world.

As much as prediction and prognostication can be a mug's game in this age of shock-and-awe politics, there are certain trends and events that we can scrutinize, analyze and contextualize. As usual, we have our crack team of contributors doing just that. With a federal election coming in Canada October 21st, the fate of the Trump presidency to be determined in the United States, and geopolitical tensions unfolding globally that could impact both, we've got all the 2019 policy and political implications covered.

To open, we have John Delacourt, vice president of Ensign Canada and former director of communications for the Liberal research bureau, on the latest high-value-target voters, with *Bridging the New Great Divide: Reaching the 'Persuadables'*. It's not a term new to politics, but Abacus Data Chairman Bruce Anderson is using it to describe the 27 per cent of Canadians who have yet to make up their minds about who they'll vote for in 2019. Delacourt writes about that battlefield, and how it may influence the role social media play in the first Canadian election since revelations about their propaganda use unleashed concern about the weaponization of Facebook and Twitter.

For a look at the year ahead for the federal Liberals, we've got veteran strategist Pat Gossage, who spent years as press secretary to Prime Min-

ister Justin Trudeau's father, Pierre, and knows his way around what was once known as the natural governing party. In *Election 2019, the Liberals: Unique Strengths vs. a Weak Opposition*, Gossage assesses the lay of the land for the younger Trudeau as he bids for re-election.

In *Election 2019, the Conservatives: Challenges and Opportunities*, Policy contributing writer, Earncliffe Strategy Group principal and veteran Conservative sage Geoff Norquay offers a similar *tour d'horizon* for the Tories, encompassing Andrew Scheer's leadership, resisting the pressure from the Trumpian right and the potential threat from bolted Conservative Maxime Bernier and his new People's Party.

Green Party Leader Elizabeth May is bracing for her fourth federal election heading the environmentally-rooted party that has been gradually mainstreaming over the past two decades in North America and elsewhere. In *Election 2019, the Green Party: Climate Change is the Issue*, May vows to put integrity—her own and that of the planet—ahead of political expediency.

The economic statement delivered by Bill Morneau on November 21 signaled, among other things, what the Trudeau government's priorities will be heading into the election campaign. We're pleased to have former Parliamentary Budget Officer Kevin Page, now president and CEO of the Institute of Fiscal Studies and Democracy at University of Ottawa, and economics student (Matt) Jian Shi filing on what the numbers

mean in *The Fiscal Update: Do Modest Deficits Matter?*

Meanwhile, in Washington, after two years of Donald Trump's disruptive presidency, power has shifted somewhat. The Democratic Party's blue wave in November's midterm elections produced a majority in the House of Representatives that could make a significant difference in the nation's daily political narrative. Earncliffe Principal and former U.S. diplomat Sarah Goldfeder has that briefing in *How will the 116th Congress Drive the Conversation?*

In our *Canada and the World* section, former Ambassador Jeremy Kinsman addresses Canada's most pressing foreign policy challenges, from dealing with Donald to dealing with China, in *Canada Amid Chaos: Quo Vadis?* Our issue piece is *Pipeline Politics and what we Share*, a submission from Chris Bloomer, president and CEO of the Canadian Energy Pipeline Association.

And, last but by no means least, columnist Don Newman lays out the ways in which, between contentious pipeline politics at home and Trump, trade wars and Brexit on the international front, the Trudeau government will have to avoid being blown off-course in the months heading into the election. In *Events, Dear Boy, Events*, Newman surmises that, "As we greet the new year, there will be more than enough that can be predicted on politicians' plates. And then, of course, there will be more."

No doubt. Welcome to 2019. **P**



Canadians will go to the polls in a general election on October 21, 2019. The process will be a test of Canada's response to the social media corruption and manipulative propaganda that have tainted election outcomes elsewhere. *Adobestock photo*

Bridging the New Great Divide: Reaching the 'Persuadables'

While social media have had incalculable positive effects on democracy and human rights, the corruption of social media content and exploitation of personal and aggregate data has adversely impacted democracy on two levels: the propagation of misrepresentational content meant to influence behaviour and the doubt cast on democracy as a system as a result of that propaganda. The 2019 Canadian federal election will be a test of one country's response to the problem.

John Delacourt

The story is familiar now. The role Facebook (and, to some degree, Twitter) played in the United States presidential campaign of 2016 has been plumbed by a number of investigations. This includes an ongoing study by the House ethics committee in Ottawa on how users' information is "harvested" by entities seeking to influence the next Canadian federal campaign. In the U.S., it is clear that foreign actors had access to user information that allowed them to micro-

target activation campaigns, stoking fears on such topics as irregular migration and “Benghazi-gate”.

Could such a misinformation campaign happen here in Canada? At least not yet, says one pollster. In August of this year, Abacus Data Chairman Bruce Anderson provided Canadians with a reassuring perspective on the battle to come. Basing his argument on up-to-the-minute polling numbers, he asserted that about 27 per cent of the electorate, or approximately 8 million Canadians, had yet to make up their minds about which party to vote for in 2019. “Let’s call those people the persuadables,” he wrote. “These are the true battleground voters”—those who could presumably decide the result of the next election. Contrary to the partisan tone and fierce rhetoric that characterize political dialogue on social media, these persuadables are far more centrist. “Canadians are generally suspicious of hardened ideology,” Anderson said. “Across Canada, 89 per cent of Canadians believe the country works best ‘by finding middle ground and compromise,’ and 92 per cent of persuadables feel this way.”

It is in the nature of polling and no fault of the commentator, but Anderson’s snapshot of the electorate offers a static rather than dynamic take on the influence of social media on voter intentions. For a forceful riposte to Anderson’s argument, a few minutes of former Trump advisor Steve Bannon’s opening speech from his Munk Debate appearance in November would do nicely. Bannon spoke to the resolution that the “Future of Western Politics is Populist, Not Liberal.” Bannon asserts there is no longer a centre – or a centrist perspective—that will hold in the U.S., given the “filter bubbles” social media platforms like Facebook and Twitter have created—echo chambers that repeat and reinforce partisan positions.

Conservatives and progressives communicate within parallel media ecosystems; it is increasingly rare for citizens to identify

“*Conservatives and progressives communicate within parallel media ecosystems; it is increasingly rare for citizens to identify as centrist or persuadable by either side, given how microtargeted content creates visceral, measurable spikes in the emotions that override rational argument.*”

as centrist or persuadable by either side, given how microtargeted content creates visceral, measurable spikes in the emotions that override rational argument. In the course of Bannon’s debate with Canadian-born American conservative political commentator David Frum, what emerged from Bannon’s speechifying was a stark vision of a divided America, where the working class have been let down by the “global elite.” This is the one per cent who have created the real divide: less a racially or culturally determined demographic than one marked by a widening gulf between have and have-not. Populism, from either the left or right, is for Bannon the only kind of politics that can thrive when such a polarized dialogue is the new normal.

Whether Bannon’s perspective is shaped by the political reality south of the 49th parallel, the conditions for a turn from the centre are emerging here. The precariousness of the economic well-being of “the middle class and those hoping to join it” wisely remains an abiding concern for the Trudeau government. There are 19 million Canadians on Facebook—more than 14 million checking their news feeds every day. This makes us the most active users of the platform in the world. The influencers and validators of public sentiment are firmly established on Twitter as well, with some MPs such as Michelle Rempel and Maxime Bernier—who are more than willing to torque up the populist rhetoric—commanding significant numbers of followers.

What may be pivotal in this turn from the centre is the continuing erosion of trust in public institu-

tions. Edelman’s most recent *Trust Barometer* revealed that only 46 per cent of the general public here in Canada say they trust their government (as opposed to 61 per cent of the “informed public”). And while 60 per cent are worried about fake news being weaponized for the election campaign, 54 per cent are disengaged with news, consuming broadcast and print stories on a less-than-weekly basis. When distrust, cynicism and ultimate disengagement with politics prevail, they create a vacuum where the forces of disinformation can rush in. These are more than forces of disruption; as the U.S. example affirms, they are forces of persuasion.

The response from the Trudeau government to these forces has been encouraging, with the passing of Bill C-76, the Elections Modernization Act. As Joan Bryden of Canadian Press reports, it “represents a first stab at grappling with the spectre of social media being abused by bad actors—foreign or domestic—to manipulate election results, exacerbate societal divisions, amplify hate messages or instill distrust in the electoral system.” Measures include banning foreign entities from funding advocacy groups for partisan campaigns, and requiring online platforms to establish a registry of all digital advertisements placed by political parties or third parties during the pre-writ and writ periods (with the added stipulation that the registry remain visible to the public for two years).

The Opposition, led by Andrew Scheer, seems more sanguine about the threat of foreign actors to the next election. Hamish Marshall, Scheer’s 2019 campaign manager,

told a crowd of party faithful at the last Manning Conference that he's a "huge fan" of building detailed psychological profiles of Canadian voters and targeting them with personalized political messages. The current business model for Facebook is based on such data remaining accessible. Data and dollars remain the highest priorities for any party heading into an election season, so Marshall can hardly be faulted for using the former to drive the latter.

“ The Opposition, led by Andrew Scheer, seems more sanguine about the threat of foreign actors to the next election. Hamish Marshall, Scheer's 2019 campaign manager, told a crowd of party faithful at the last Manning Conference that he's a 'huge fan' of building detailed psychological profiles of Canadian voters and targeting them with personalized political messages. ”

Yet the ground—and public opinion around the world—has begun to shift on these tactics. Around the time Anderson's firm, Abacus Data, were polling and discovering the number of persuadables remaining in Canada, a significant development in the story of Facebook's influence on voters occurred in the UK. Sharon White, the Chief Executive of Ofcom, the U.K.'s communications regulator, published an editorial in the *Times of London* calling for regulatory oversight, much in the way the CRTC here in Canada regulates broadcasters. “The argument for independent regulatory oversight of [large online players] has never been stronger,” White wrote, stating that “in practice,



Prime Minister Trudeau takes part in a Twitter Q&A marking his 100th day in office.
Adam Scotti photo

this would place much greater scrutiny on how effectively the online platforms respond to harmful content to protect consumers, with powers for a regulator to enforce standards, and act if these are not met.”

Soon after, Daniel Bernhard, the Executive Director of Friends of Canadian Broadcasting, affirmed its support for the NDP's proposed slate of policy measures, “that would go a long way toward restoring Canada's democratic sovereignty over these foreign corporations and their shareholders.” These included the requirement for social media platforms to “collect sales taxes like everybody else, pay corporate taxes like everybody else, and follow the same laws and rules as everybody else.” The “advertising tax loophole” that allows “Canadian advertisers who do business with media companies, like Google and Facebook, to claim \$1.3 billion in tax benefits that are supposed to be reserved for companies placing ads with Canadian media, which enrich our society

and secure our democracy,” would be closed. All of these measures would make it a lot harder (and more economically prohibitive) for foreign actors to repeat what occurred south of the border in 2016.

The NDP's recommendations may lack the necessary political capital to be implemented in the short term; however, when federal legislators, regardless of political stripe, realize they may have practical tools to halt the erosion of accountable democracies and democratic processes, there may be no better place to propose them than in election platforms for 2019. The centre may still hold, with truth and accountability as its lynchpins, and that may emerge as the most definitive advancement for Canadian politics in the next federal campaign. **P**

John Delacourt, Vice President of Ensign Canada in Ottawa, is a former director of communications for the Liberal Research Bureau and the author of two books, including a mystery novel.



Prime Minister Justin Trudeau and Heritage Minister Mélanie Joly meeting with other party leaders in November 2018 on the situation of Ontario francophones following program cuts by the Ford government. *Adam Scotti photo*

Election 2019, the Liberals

UNIQUE STRENGTHS VS. A WEAK OPPOSITION

With less than a year to go until the 2019 federal election, the conventional wisdom has it that the race will be Justin Trudeau's to lose. Veteran Liberal strategist Patrick Gossage, who served Trudeau's father as press secretary, looks at the strengths and weaknesses of the field as it stands, and which variables could shift over the coming months.

Patrick Gossage

Going into this election year, the Liberals may prove to be the beneficiaries of a divided Conservative vote on the right, and a shrinking NDP vote on the left. The relative weakness of the two main opposition parties looks to strengthen the Liberals' hold on the progressive centre, where elections are usually won in this country.

The Liberals also enjoy the advantages of incumbency, including

the prime minister's standing on the world stage.

For example, Justin Trudeau's one-on-ones with world leaders during the G20 in Argentina in early December highlighted an incumbent's advantage in leveraging foreign policy issues for positive resonance at home, not just with his Liberal base, but with voters at large.

It played well at home that Trudeau spoke to Russian President Vladimir Putin on the capture of Ukrainian vessels and to Saudi Crown Prince Mohammed bin Salman on the murder of journalist Jamal Khashoggi, the incarceration of Raif Badawi and the war in Yemen.

And then there's an important electoral attribute in which Trudeau enjoys a significant advantage over his opponents—his retail game on the campaign trail. Canadians saw this in 2015 and will be seeing it again in the fall of 2019.

Politics also abhors a vacuum and with the defected People's Party Leader Maxime Bernier, neo-conservatives now have somewhere to go. It is possible that this brand of populist conservatism may appeal to as many as 15 per cent of the Conservative core vote, although in a Nanos-CTV poll in December, Bernier's People's Party polled at less than 1 per cent. However, its potential under a well-organized and funded Bernier could split votes away from the Conservatives to the benefit of the Liberals, especially in Ontario.

Ontario Premier Doug Ford's bungling of Francophone affairs and Conservative Leader Andrew Scheer's awkward ambivalence on the situation only stands to reinforce Liberal dominance in the province, as well as in Quebec.

Add to that an NDP that has lost its way under the notably absent Jagmeet Singh and we are looking at a rare political landscape of two weak opposition parties. Which is not to say that Conservative Leader Andrew Scheer and Singh can't surprise to the

“ There's an important electoral attribute in which Trudeau enjoys a significant advantage over his opponents—his retail game on the campaign trail. Canadians saw this in 2015 and will be seeing it again in the fall of 2019. ”

upside. Low expectations could work to their benefit.

The premiers who lined up for the cover of *Maclean's* last November against the carbon tax are also a potential foil since Liberals have defined the climate change issue for Canadians and none of these premiers, particularly Ford, have put plans in the window that match the simplicity or generally agreed effectiveness of the federal “tax polluters” approach. Ford's environment minister, Rod Phillips, did release a plan at the end of November to meet the 30-30 targets of the 2015 Paris Accord, reducing emissions to 30 per cent below 2005 levels by 2030. However, as Phillips acknowledged, Ontario had already reduced emissions by 22 per cent under the previous Liberal government at Queen's Park.

“ Ford, who has made Scheer appear to be a minor player at his side, may also prove to be a polarizing figure come election time. His government's direct attack on the poor, on minimum wage workers, on migrants and the marginalized may in fact motivate liberals and moderates. ”

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His government's direct attack on the poor, on minimum wage workers, on migrants and the marginalized may in fact motivate liberals and moderates.

Centrist politics, long the winning lane in Canadian politics all other factors being equal, does indeed seem threatened. But Trudeau will run on inclusion, not division. He will fight right-wing, anti-immigrant sentiment, preposterously licensed by Donald Trump's continued ranting. It has found a new ally in Scheer, who seems to feel he is on to a defining issue and tweets, in near-Trumpian fashion, accordingly.

In a recent Public Square Research poll only 10 per cent of respondents listed immigration as a concern. The Liberals know that most Canadians are open to all kinds of immigration—so many having been directly involved in bringing over Syrian refugees. It's unlikely the Conservatives are on to a major election issue here.

The issues of youth unemployment and indigenous living conditions seem to be reduced as threats to the government—although both are far from solved. The youth vote will have to be worked on again since it played so strongly in the 2015 victory. However, again the opposition leaders have little to offer either in appeal or platform to threaten the genial and appealing Trudeau.

The other issue that the opposition has not found a way to exploit is the one that sank Kathleen Wynn—a tendency among Liberals to lecture the public and tell them what to think. Never a tactic employed by my old boss, Pierre Trudeau. His Liberalism was all about expanding

choices. The core strategy that Doug Ford pumped away at was hammering the “elites and left-wing radicals” and speaking to bread and butter issues the “people” cared about. However, Scheer has not yet found a way to connect as the real opposite of Justin Trudeau, whose star quality remains a formidable asset.

The Liberals do have their share of broken promises, notably on electoral reform and balancing the budget by 2019 after three years of stimulative deficits. Trudeau ditched electoral reform and a budgetary balance is nowhere in sight. But neither resonates as a ballot box issue.

Finally, it is hard to predict what events and issues may arise in the next months to threaten the Liberals. So far, there have been few real gaffes and a few big wins. While the U.S.-Mexico-Canada Agreement was a major accomplishment it is not a done deal until passed by the legislatures of all three countries and may not be something Liberals can take to the bank months from now.

The sad financial situation of once-rich Alberta unable to get its oil to

market has taken the Liberals as far as they can go since the government now owns the pipeline that will solve the problem and are trying to get it built.

There is little electorally for the Liberals to gain in Saskatchewan or Alberta in even the best case, and nationally blaming the Liberals for the collapse of oil prices and a reduced future for the oil sands industry does not have a lot of traction. It's like Premier Ford's witless blaming Trudeau's carbon tax for the closing of GM's Oshawa plant. In any case being pro-pipeline and pro-carbon reduction does smack of inconsistency but is not a problem the opposition can easily attack.

The other question worth pondering is the role of the media, including social media. Trudeau completely dominates social media. Some of his Facebook posts get a million views. Scheer's negative attitude to media while Trudeau announces a fund to help sustain reporting could not provide a greater contrast.

Obviously, the media will not be bought. But the press gallery, which

sets the media agenda nationally simply have not been provided with enough meat by the opposition parties to even begin to reduce the space the activist Liberal government occupies. The public does not pay a lot of attention to the endless bickering and attacks that dominate question period, and this seems to be where the Conservatives devote most of their energy. Granted, it is smart not to put out a detailed platform too soon but to get more attention sooner than later will take a lot more than the Conservatives endlessly saying what they won't do.

The only time Trudeau's popularity took a real hit in the polls was following his overdressed India trip. The Liberals would do well to watch out for this kind of hubris or arrogance. It's been called the Liberal kryptonite. **P**

Patrick Gossage was press secretary to Prime Minister Pierre Trudeau from 1976-82. He is the author of Close to the Charisma: My Years between the Media and Pierre Elliott Trudeau, and founding chairman of Media Profile, a Toronto media consulting and PR firm.



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Conservative Leader Andrew Scheer will be hoping that, in the 2019 election, the left is divided between Justin Trudeau and a stronger Jagmeet Singh and that People's Party Leader Maxime Bernier doesn't do the same on the right. *Andrew Scheer Flickr photo*

Election 2019, the Conservatives

CHALLENGES AND OPPORTUNITIES

The Conservative Party of Canada went into the 2015 election campaign with a significant disadvantage against the young and charismatic Justin Trudeau. It was called Harper fatigue, and it will not be a factor in 2019. At the same time, Andrew Scheer, the party's boyish, boy-next-door leader, has recently been denting his Jimmy Stewart aura with a distinct embrace of both the tactics and policy themes of Donald Trump and Doug Ford. Veteran Conservative strategist Geoff Norquay provides a look at the hazards and opportunities for Scheer and his party in this election year.

Geoff Norquay

With the Justin Trudeau Liberals just finishing their first term, many observers will be tempted to consider them prohibitive favourites to win in October. After all, only two majority governments have ever been defeated after just one term in office—Alexander Mackenzie's in 1878 and R. B. Bennett's in 1935.

But more recently, another first-term government had a close call: in 1972, a certain Trudeau père,

seeking re-election four years after a smashing victory in 1968, came within two seats of being defeated. So, let's not be too quick in writing off Andrew Scheer and the Conservatives for 2019.

What must the Conservatives do to have a shot at victory this fall?

The first priority for the Conservatives should be a platform that is accessible, relevant and moderate. In the issues the platform addresses, Canadians need to see *their* concerns and preoccupations reflected, as well as practical and attainable solutions offered. If it is moderate, the platform will help counteract the inevitable Liberal allegations of extremism, which are now a staple of their positioning against the Conservatives, and which we will see again in 2019.

Hamish Marshall, the Tories' national campaign director, gets the need for moderation. Last November, he told Susan Delacourt of the *Toronto Star*, "If I just appeal to the most Conservative Canadians, we're going to get 25 per cent of the vote. We're not going to win with 25 per cent of the vote. It's the only way that either of the only two parties have ever won... by appealing to a large section of Canadians." After a 2015, Conservative campaign that inexplicably drove negative wedges into potential pools of moderate voter support, these are welcome words.

The centrepiece of the Liberal platform will be a strong "promises made, promises kept" element that they will push hard, but which also provides significant openings to the Conservatives. They must argue that in addition to breaking their 2015 promises for modest deficit spending and a predictable return to budget balance, the Liberals continue to spend in the midst of a strong economy, thereby foreclosing their own options when the next recession hits. At a time when global risks include the impact of Brexit, President Trump's potential trade war with China and the cost of shut-in Canadian crude oil as much

“ The centrepiece of the Liberal platform will be a strong ‘promises made, promises kept’ element that they will push hard, but which also provides significant openings to the Conservatives. ”

as \$80 million per day, the Liberals' spendthrift ways are whistling past an inevitable graveyard.

There's another issue with the Liberal economic record that bears some scrutiny—its apparent beauty is only skin deep. To be sure, the cumulative growth and employment numbers for the economy look fine, but they mask some harsher realities and more serious questions. The government has invested heavily in future innovation but not in the transitions necessary to seize its promise or care for its victims.

“ At a time when global risks include the impact of Brexit, President Trump's potential trade war with China and the cost of shut-in Canadian crude oil as much as \$80 million per day, the Liberals' spendthrift ways are whistling past an inevitable graveyard. ”

The oil price crash has cost Alberta and Saskatchewan hundreds of thousands of jobs. In recent months, technology-prompted disruptions have hit Bombardier in Montreal and GM at Oshawa, ending thousands more jobs. With the gig economy and artificial intelligence approaching rapidly, these events likely signal a prolonged period of disruption. And just to complicate things, at the same time, economists are forecasting that labour shortages of up to

500,000 may persist in Canada for up to a decade.

Canada is not ready for the wave of change that is accelerating. As Sunil Johal of the Mowat Centre recently argued, too many unemployed Canadians cannot access skills training because they are not EI eligible, many provincial training programs are not effective, and Canada's investment levels in training are weak: countries such as France and Denmark spend proportionally three times more than Canada on skills training. Policy solutions to these questions will become critical in the mandate of the next federal government.

The Liberals made way too many promises in 2015, leaving themselves hostage to the practical realities of governing, the challenges of getting money out the door, federal-provincial-territorial relations, unexpected court decisions and such external events as the election of Donald Trump. As a result, there are some huge holes in their list of promises kept that will provide lots of opportunities for the Conservatives:

- The promise to replace first-past-the-post balloting with some form of proportional representation was abandoned.
- The Prime Minister promised that the federal budget would be balanced with a \$1 billion surplus in 2019-20: the November 2018 fall update pegged the deficit at \$19.6 billion for the current year, with balance nowhere in sight over the next five fiscal years.
- After arguing that the Harper government's emission targets were inadequate, in office the Liberals quietly adopted the same targets. The United Nations now

says that Canada won't even meet those targets, never mind meet the tougher standards of the Paris Accord.

- Despite their many promises to treat veterans with respect and “fix” the delays in their benefits, the Liberals have found that the Department of Veterans Affairs is just as broken and dysfunctional as it was under the previous government.
- Trudeau promised to restore door-to-door postal delivery...well, never mind.

The environment will be a major campaign issue this coming fall, and here the Conservatives face a challenge. Trudeau's entire climate change plan is under serious attack, with his national framework now disavowed by at least five provinces amid court challenges. But the Conservatives will have little credibility on this key file until they provide details of their own environmental plan. Canadians need to see it soon.

“The Liberals are apparently unable to find the money to help Alberta pay for additional engines and train cars to enable rail transport to move the glut of oil to markets. Ottawa's many missteps on this file are building a national unity crisis.”

The costs of Canada's inability to construct pipelines to tidewater have now come home to roost. While the government now owns a pipeline it cannot allow itself to build. Bill C-69 will make it even more difficult to approve and construct necessary infrastructure.

The Liberals are apparently unable to find the money to help Alberta pay

for additional engines and train cars to enable rail transport to move the glut of oil to markets. Ottawa's many missteps on this file are building a national unity crisis and will likely hasten the defeat of the Alberta NDP government in the spring election, costing Trudeau a key ally on the environment file. The Conservatives will feast on these multiple failures in the coming election.

Canada has always been a nation of immigrants. Over successive Conservative and Liberal governments, a strong consensus has emerged that our economic future depends on robust immigration to make up for a low natural birth rate. That consensus is being threatened by the continued illegal border crossing by tens of thousands of would-be asylum seekers, who, according to the Parliamentary Budget Officer, are set to cost Canada a billion dollars by the end of the next fiscal year.

The issues here are not Canadian understanding, compassion or concern; they are the damage caused to those laudable values by the perception that people are being allowed to game the system, the creation of the three-year backlog of 65,000 cases blocking the adjudication of valid refugee claims and the corrosion done to confidence in the fairness of the overall immigration and refugee system.

The Conservatives have released a “fair, orderly and compassionate” vision for Canada's immigration system. Their biggest challenge will be to defend it against the extremes—Max Bernier's dark side anti-multicultural visions and the Liberals' predictable distortions. Speaking of Mr. Bernier, election 2019 will determine whether the appeal of his new Peoples Party of Canada extends beyond the hard-right cranks and immigration haters to do damage to the mainstream Conservative cause.

Winning an election is not only about putting forward attractive policies, it is also about staying out of trouble and anticipating challenges:

- Support from provincial Progressive Conservative governments and opposition leaders can be helpful, but it can also be a trap. The recent decision by Ontario's Ford government to scale back French language services put Andrew Scheer in a difficult position. On issues such as minority language rights, a federal leader of the opposition must tread very carefully, and national considerations must come before provincial interests.
- The new Quebec government of François Legault is a likely source of difficulty for all federal parties in this election year, aiming as it does to reduce immigration levels, especially from the family reunification and refugee classes. They have also promised to impose a secular dress code on public sector workers. Given the Conservatives' shameless dog whistling in the last election on these issues, they will need to be careful in how they respond.
- Canada has a small but active cadre of radical right-wing groups, many with views inimical to democratic values, immigration and diversity. The Conservatives need to be prepared for these groups to try to associate themselves with some Conservative candidates, while others will likely attempt to provoke and embarrass the party. Timely and effective crisis management will likely be necessary.

Finally, national elections are often influenced by wild-cards, pop-up issues and gaffes that no one can foresee in advance. Will President Trump commit some kind of tariff or sovereignty-challenging outrage that hands victory to the Liberals? Will a party blow itself up on a thorny issue? Will a leader implode or score a knock-out in a TV debate?

We will all be there watching. **P**

Geoff Norquay, a principal of Earncliffe Strategy Group, was senior adviser on social policy to Prime Minister Brian Mulroney.



The major questions for the New Democratic Party heading into the upcoming election are whether it can weave its pragmatic and romantic threads together, and whether Jagmeet Singh (above) can be an effective messenger for that coherence. *Jenna Marie Wakani photo*

Election 2019, the NDP

ESCHEWING IMITATION FOR ECONOMIC AND SOCIAL JUSTICE

The golden moment for the New Democratic Party in recent history was tinged with tragedy. First, Jack Layton established himself as a candidate with national appeal based on a Quebec sweep, then he passed away before he could build on it. Can the NDP of Jagmeet Singh replicate that appeal in 2019?

Brian Topp

The famous quote from the late screenwriter William Goldman about Hollywood, that “Nobody knows anything,” has, for obvious reasons, migrated to politics recently. It sums up perfectly my forecast for 2019.

However, a few additional points are worth noting with regard to the New Democratic Party of Canada and its prospects. In 2019, the federal NDP is going to have to manage two realities of Canadian politics: First, that provincial politics shape the federal political chessboard to some extent; and second, that real victory often comes from finding a way to sideline those provincial factors in favour of something better...or worse.

Political parties divide into two categories: parties of interests, and parties of conviction. The Liberal Party of Canada is a classic party of interests—a historical legacy party like the Liberal Democrats in Japan; the Institutional Revolutionary Party in Mexico; the British Conservative Party when moderately led; the Christian Democrats in Italy and Germany; the Democratic Party in the United States. These parties broker accommodations and understandings between elites; allocate offices, payments and favours; incrementally reform their countries, tilting to the left or to the right as fashion dictates, to stay ahead of real reformers. They, historically, enjoy extraordinarily long and successful runs in office.

To New Democrats, the Conservative Party of Canada looks like a fellow conviction party—of a sort. In its latest guise the Conservatives seem focused on implementing the Trump playbook, which is about appealing to the darker angels of their core older white male demographic, and to voters with education levels similar to those of current Conservative Ontario Premier Doug Ford, a high school drop-out.

They seek to do this by building campaigns weaving together racist dog whistles (“tides of illegal migrants”), trivial bribes (“buck a beer”), character assassination (witness the conservative obsession with Prime Minister Justin Trudeau’s political staff) and carefree fiscal irresponsibility (tax cuts increase public revenue—nobody knew!). If a mandate can be stitched together with this uplifting toolkit, the Conservatives then turn with determination to their agenda of change—changing back, to be specific, to the old-time economic and social balance they favour, by transferring wealth from low income people to high income people, and (at least in the dreams of their more idealistic supporters) using state power to impose Conservative Christian social values on those who do not share them. Flora McDonald, like many others, would not approve. But we can put this more charitably: Conservatives want to return to a more market- and merit-based economy, and to a more morally-based govern-

“Modern-day NDP romantics are confronted by their own track record, which is to unhelpfully agitate to make the NDP politically irrelevant and unelectable, and then to implicitly or explicitly argue for the election of the Liberals, since the Conservatives must be stopped.”

ment and society by their lights.

New Democrats think of themselves as a conviction party, too.

Most New Democrats with experience in NDP provincial governments picture themselves in the company of the great reforming Democratic Socialist governments of Britain and continental Europe. Other New Democrats look to hipper and more fashionable company—Podemos in Spain; Bernie Sanders and the American Socialists; and Syriza in Greece...at least, before that last one governed for awhile. In this we can say the NDP is a coalition of progressive-minded pragmatists and romantics.

Modern-day NDP pragmatists are confronted by the collapse of “third way” centrist/social democratic role models across the democratic world, and the dangerous appeal of modern populist neo-fascism to working class voters, who are looking for something more than good public administration.

Modern-day NDP romantics are confronted by their own track record, which is to unhelpfully agitate to make the NDP politically irrelevant and unelectable, and then to implicitly or explicitly argue for the election of the Liberals, since the Conservatives must be stopped.

As you can imagine, this is an internal party debate that can paralyze the party, leaving NDP election teams with little option but to try to save the furniture by running archipelagos of by-elections, hoping for party status. That was the fate of the federal NDP in the 1990s, and that could happen to the federal NDP again in 2019.

But when the New Democratic Party finds a way to weave its pragmatic and romantic threads together into something like a coherent offer it can be

surprisingly compelling, just when you least expect it. Because the basic ideas New Democrats seek to advance resonate well with the better angels of the people of Canada. Ideas like: More economically and socially equal societies are happier, healthier, more prosperous and productive, and leave everyone better off, even if you’re rich and suddenly have to pay your taxes; outcome matters as much as opportunity; and, citizens, not money, should be making the decisions in our democracy.

At their best, New Democrats in government are the kind of people who plant oaks in public parks, even though they know they’ll never get to see the trees. Because our children will. When the NDP contrives to make all of this clear, Canadians tend to like these ideas—especially when the Liberals have earned a stint in the repair shop, and the Conservatives have made the mistake of letting their real faces show.

A good example of how the two strands of the NDP can be synthesized successfully is in the leadership of Tommy Douglas, former Premier of Saskatchewan and the first leader of the NDP in its modern guise. Douglas spoke beautifully, appealing to romantic themes, pointing us to the New Jerusalem. But he was also a tough, fiscally-disciplined, flinty-eyed, detail-oriented and iron-fisted provincial Premier who built social democracy on the prairies one brick at a time.

Jack Layton’s “project” was to once again find a winning synthesis between the NDP’s pragmatists and romantics, and to ask for a federal parliamentary mandate that would finally, after a century of trying, put the central power of the state in Canada into the hands of people who have these

values and ideas—and would really, decisively act on them. To his eternal credit, Canadians could just about imagine letting him try. In particular, Quebecers were willing to let him try. That is worth pausing on, because what Quebec does next will decisively influence what happens in 2019.

In 2011, Quebecers liked what they found in Jack Layton. He spoke in an authentic-sounding working class accent. He was every French-Canadian family's idea of a friendly, beloved uncle of a certain age. And he had a pretty good political pitch: Let's stop boycotting federal politics by electing empty seats (the practical contribution of the Bloc Québécois), and instead let's kick out Stephen Harper and replace him with a progressive government that wants to work on issues that Quebecers and other Canadians can agree on: The environment; greater economic equality; better public services; and restoring Canada's good name in the world. Quebecers rewarded this offer with a landslide. And that in turn gave the party a golden opportunity to make its first really credible case for a national mandate to the rest of the country. A federal NDP with a strong Quebec caucus is superbly positioned to bring Canada together on common endeavours. A federal NDP without that caucus struggles with relevance.

Provincial politics can shape the federal Canadian political chessboard going into campaigns. There are many ways to prove this, but since we're talking about the federal NDP, let's take a look at one of the helpful charts published by the CBC's Eric Grenier, and let's consider the evolution of the NDP's support among Canadians since Jack Layton's tragic death at his moment of greatest success. I have added a line to underline my point about this chart.

The federal NDP peaked at 35 per cent in early 2012, and then steadily dropped through to 2017—with one very significant blip.

This unbroken fall in support occurred even though the party focused with laser-like determination on question period in the House of Com-

mons—according to some, the magic formula for success in federal politics. The NDP caucus decided to invest in a determined and frequently brilliant prosecution of then-Prime Minister Harper over Senator Mike Duffy and his expenses. As it turned out, what was said in the House of Commons on these issues was not riveting to the people of Canada outside of Ottawa, and the fate of Senator Duffy (who remains in the Senate) didn't power the federal NDP into office. Instead, to the rage and despair of many of its members and convention delegates, the federal NDP surrendered its position as official opposition in contention for federal power, and returned to its familiar world in third party politics.

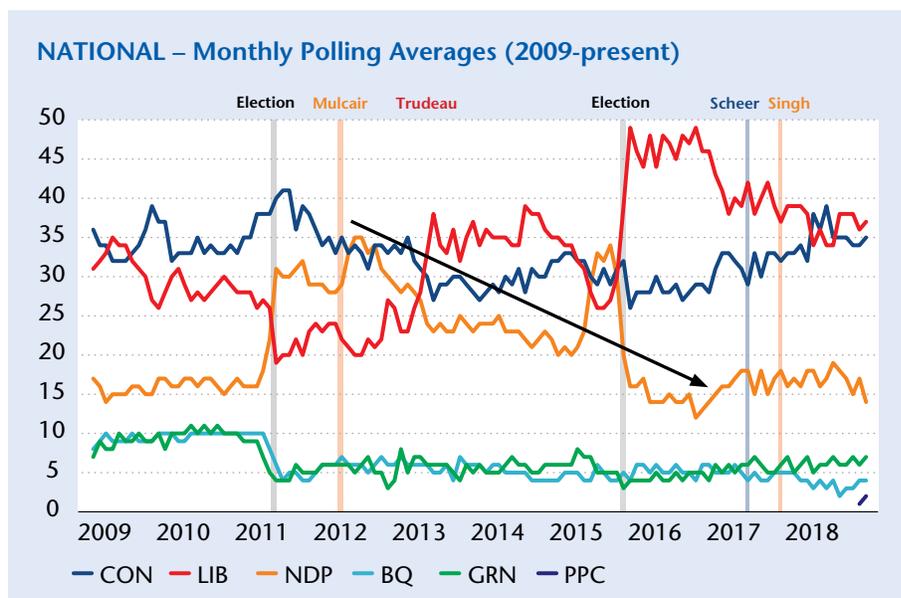
But what about that big blip of support for the NDP in the spring of 2015—that big blip that disappeared like a soap bubble when voters focused on the federal parties during the fall 2015 federal election? Did Canadians suddenly, briefly share the federal NDP's passion to litigate Senator Duffy's expenses? There might be a better explanation.

That blip coincides with the election of Premier Rachel Notley and the Alberta NDP in May 2015. Grenier's regional tables show what happened after the party won its remarkable Alberta breakthrough: Quebecers returned to the federal party. If Albertans were persuaded the NDP is wor-

thy of office, Quebecers seemed to be saying, why not stick with our 58 Layton-era MPs at the federal level? If something of this is true, you have my case for how provincial factors can influence federal voting intentions going into campaigns, which might create some opportunity for the federal NDP in 2019.

The NDP had a few things going for it provincially, going into 2019: B.C. Premier John Horgan's talented, cheerful and effective leadership and government; Alberta Premier Rachel Notley's gutsy and determined premiership and equally talented, cheerful and effective team; and Ontario leader Andrea Horwath's Layton-like breakthrough in Ontario (she became Ontario official opposition leader in the spring of 2018). These strong performances by effective and well-respected provincial leaders might have been putting a bit of a floor under the federal NDP at the start of 2019—whatever ends up happening this year in B.C. and Alberta politics, and notwithstanding the deeply regrettable divisions in western Canada over resource development and market access.

But as I said above, real victory generally comes from finding a way to sideline those provincial factors in favour of something better...or worse. When he was in office, Saskatchewan NDP



Source: Compiled by CBC polls analyst Éric Grenier

Premier Roy Romanow often argued that in the 19th century, the string that united the pearls of Canada's provinces was a railroad—the physical infrastructure that tied together the national economy. But in the 21st century, the string that unites the pearls will be common values (like the Charter of Rights and Freedoms), and common collective social and economic efforts (like building a more equal and healthy society, vis his beloved national Medicare). As Romanow would call them, these are the thousand strings of accommodation and mutual aid that take the small worlds of Canadian provinces and weave them together into a national community.

Federal politics in Canada is extremely hard to do well. Even people who make federal politics their lifework, their calling and their careers usually fail at it. There is some cheap and temporary applause to be found in campaigning on issues that divide people, that split regions from each other. It is much harder to contrive those threads that unite the pearls in a federation of small, squabbling provincial worlds usually focused on themselves. But that is what Canadians are looking for from real federal leaders. They are looking for federal leadership that gives hope, common purpose and a sense of possibility to the whole country. In his time, Tommy Douglas did that well. Ed Broadbent led the party to unprecedented heights on similar themes. Jack Layton came painfully close. But if none of that is on offer with any credibility, then the door is open to those playing in the snarling populist neo-fascist playbook.

So how will today's NDP do in 2019 in the face of all of this? Jagmeet Singh is new to federal politics. We don't have his measure; that will come in the campaign. Trudeau, lest we forget, looked like the third-party loser a few months before the 2015 federal election. But it turned out that he and his team understood the fundamental realities of federal politics much better than his opponents, and staged a spectacular and remarkable victory for his party.

Since it is true that nobody knows anything about politics and that anything can happen, then it is possible that somebody else could do what Mr. Trudeau did in 2015 in the next federal campaign. Certainly, the people who advocated for Jagmeet Singh during his leadership campaign said he could do so. Now we're going to see if that's true.

“ *In short, in Canada as across the democratic world, working families are looking for economic and social justice—for themselves and for their families.* ”

Campaigns are equalizers. During the 2019 election campaign, Canadians will listen to all the federal leaders, including the leader of the federal New Democratic Party...for a moment. Mr. Singh and his team are going to need to make it an extremely good moment; a big moment; a moment that bridges over the Rockies and in both official languages; a moment that picks up where Layton left off. In a campaign likely to be centred on an ugly and possibly uninspiring slanging match between Trudeau and a coalition of unattractive Trumpian provincial Tory Premiers fronted by their federal errand boy, Mr. Scheer, perhaps there will be another golden opportunity for the New Democrats.

And the following will also be true: First, as the 2015 campaign demonstrated and as New Democrats are most unlikely ever to forget, victory for the NDP will not be found in pretending to be the Conservatives. Harper-era austerity is not what the people of Canada are looking for from New Democrats.

Second, victory for the NDP will not be found in pretending to be the Liberals. The Liberals are better at being the Liberals. If Canadians want Liberal government they will re-elect Prime Minister Trudeau and his team. Social democratic parties who try to go down this road are being crushed all

around the democratic world—losing their core working class voters to populist conservatives.

Third, victory for the NDP will go through Quebec. Just as Quebecers (briefly) returned to their 2011 vote after seeing Alberta go orange in 2015, so it is true that voters in Ontario and across Canada are much more likely to support a federal NDP that can plausibly present itself as a national project, that brings French- and English-speaking voters together on a common agenda. The inverse is also true—it is hard to imagine voters, particularly Ontario voters, betting on an NDP federal government if they believe the NDP is about to hand back its Quebec breakthrough.

And finally, victory for the NDP will not be found in focusing on the agendas of a kaleidoscope of NGOs and lefter-than-thou showboaters, however well-meaning. The democratic left has “othered” itself in part by being about this, in many democracies around the world, with the political consequences we see.

Victory will be found here: Working class voters, in both official languages and on both sides of the rockies, want a raise. They want forty years of the Revenge of the Rentiers to end. They want the benefits of this economy tilted a little more to their benefit, for the first time in a long while. And they would like to know somebody in Ottawa cares about their jobs, their economic security and the future of their children.

In short, in Canada as across the democratic world, working families are looking for economic and social justice—for themselves and for their families. If that's on offer, they will probably support it. If not, the mini-Trumpians will give them a way to send the comfortable among us a message.

In 2019, they'll be listening. **P**

Brian Topp is a former President of the New Democratic Party of Canada. He served as Jack Layton's national campaign director in 2006 and 2008. He was director of research and deputy chief of staff to Saskatchewan Premier Roy Romanow, and was chief of staff to Alberta Premier Rachel Notley.



Green Party Leader Elizabeth May on the hustings. Climate change, not carbon taxes, she argues, is the real environmental ballot question in Campaign 2019. *Green Party of Canada photo*

Election 2019, the Green Party

CLIMATE CHANGE IS THE ISSUE

In many ways, Elizabeth May's trajectory as leader of Canada's Green Party has reflected the political and policy mainstreaming of environmental issues in general and of climate change mitigation in particular. That she has become known as the conscience of Canada's Parliament is a testament to her political integrity. Heading into the 2019 election, May is again vowing to put principle first.

Elizabeth May

For politics watchers, the big event of 2019 is clearly the federal election. But for me, the central focus of every month is heeding the clear warnings of scientists that we must meet the climate crisis.

I am keenly aware that the best electoral chances in 2019 for the 338 Green Party federal candidates are attached to the ongoing Liberal failure to address the climate threat with the level of political leadership

and fortitude required. I am equally aware that it is far more important that we address the climate emergency than that Greens get elected. In other words, I would far rather the government act, improve its record before the 2019 election, protect our children, and close off a wide-open path to electing more Greens. I am blessed to lead a party whose candidates agree.

We will never put the electoral advantage of the Green Party ahead of our children's future. It continues to be a tragedy that the NDP of 2005 put partisanship ahead of planet, opening the door to the loss of Kyoto, the Kelowna Accord and universal child care.

We knew in 2005 that we had to pursue climate action with urgency. The 2005 climate plan under Paul Martin's minority government was the first, and last, plan to get us close to our Kyoto target through federal action. When the Conservatives, NDP and Bloc brought down the government on the opening day of the Montreal COP11 negotiations on November 28, 2005, I am sure those in the Bloc and NDP who understood the need for climate action consoled themselves with "the ends justify the means."

Fast-forward 13 years, and I write this from COP24 in Poland where Canada is still anywhere near our Kyoto pledges, nor the weaker ones Stephen Harper agreed to in Copenhagen. Even the Liberals have forgotten they ever brought forward a strong plan. Partisan politics in 2005 gave the country Harper's brand of conservatism for nine years. Three years after his departure, we have not recovered. We still have the weakest climate results of any OECD country.

Meanwhile, partisanship continues to thwart progress. Carbon pricing has become the proxy for climate action. It is an indispensable first step, but clearly does not get us to the last of Harper's continuously weaker targets.

The final weakening of the target under Harper was in May 2015: reducing emissions 30 per cent below

“Carbon taxes are set to be a wedge issue for the 2019 campaign. Using carbon taxes as a ballot box issue by both Liberals and Conservatives through deliberate political manipulation is a distraction from the key question: can we act in time to preserve a livable world?”

2005 levels by 2030. This remains Canada's target, wrongly labeled the "Paris target." It is inconsistent with the Paris goal of 1.5 degrees. It was not developed to support the Paris agreement, which did not exist in May 2015 when Canada forwarded it to the UNFCCC as our NDC, "Nationally Determined Contribution."

So carbon taxes are set to be a wedge issue for the 2019 campaign. Using carbon taxes as a ballot box issue by both Liberals and Conservatives through deliberate political manipulation is a distraction from the key question: can we act in time to preserve a livable world? We—media and politicians—are talking about climate without addressing the threat. And time is running out.

We can no longer measure the threat of irreversible, self-accelerating climate catastrophe in decades. It is no longer hypothetical. It can be measured in months. And we literally have no time to lose.

That fact was made abundantly clear by the October 2018 report of the Intergovernmental Panel on Climate Change (IPCC). Back in Paris in 2015, the COP21 decision document requested that the IPCC provide world policy makers with clear advice by 2018. The Paris Agreement commits us all to ensure a global average temperature rise no more than 1.5 degrees C above what it was before the Industrial Revolution—with some wiggle room—and as far below 2 degrees as possible.

The IPCC report on the pathway to 1.5 degrees communicated some new information:

1) A 1.5-degree world is much worse than we thought. It is our best

possible outcome, will preserve life on earth, but it will involve significant climate disruption;

2) Two degrees is even worse and could put all of humanity on a trajectory to massive catastrophe; and

3) We still have a chance to hold to 1.5 degrees with immediate and urgent action.

“To avoid global catastrophe on a level beyond contemplation, we must—collectively—reduce global GHG by 45 per cent below 2010 levels by 2030 and be virtually carbon neutral by 2050. We must also protect and re-establish forests everywhere.”

To avoid global catastrophe on a level beyond contemplation, we must—collectively—reduce global GHG by 45 per cent below 2010 levels by 2030 and be virtually carbon neutral by 2050. We must also protect and re-establish forests everywhere.

I am convinced Canadians are aware of the threat. More than a decade ago, former Senator Lowell Murray recounted to me a conversation with a grocer in Cape Breton. "Nice weather we're having," he recalled the shopkeeper saying. "Not sure whose weather it is. It's not our weather." That comment was provoked by a long spell of hot, sunny weather. But now Canadians

know it's also not our weather as snow falls on the Prairie crops before farmers can get to the fields to harvest. Or when the St. John River floods to levels unheard of in living memory. Or the lack of rain in British Columbia provokes fires summer after summer, each one breaking the wildfire records of the year before. Tornadoes ripped through Ottawa, glaciers are in rapid retreat, and the loss of polar ice no longer seems unusual. We hardly even report on it any more.

There are deep social costs associated with climate anxiety. The impact of a diffuse, existential threat provokes a widespread sense of depression, alienation and despair. I am hearing more and more people say they are losing sleep over the climate threat. Yet, we proceed in Parliament—and in governments around the world—as though we have time.

Most recently, Environment and Climate Change Minister Catherine McKenna has simultaneously claimed

she is taking action while avoiding taking action. She announced Canada will improve our climate target, not now, but in 2020. This is a shockingly weak response, but even those demanding climate action are forgiving. The Liberals are clearly struggling to get carbon taxes in place. How can we demand that they do more?

We have to demand more because the threat is not political and it is not forgiving. We must ensure globally that we hold to no more than a 1.5 degree C global average temperature increase. A recent review of Canada's target determined it would, if replicated by other countries, take us to 5.1 degrees C. That is a fast-track to extinction.

The attacks on carbon pricing are only made possible because the Liberals have not put forward a plan for a healthy, thriving future. Carbon taxes are not enough. It is as though we are watching a fire in a four-story building, with people stranded on the

roof and in response, a step ladder is brought forward. No one concerned about getting people off the roof to safety will stand back to cheer for the step ladder.

A complete plan to reach our goals while ensuring healthy, strong economies and good meaningful work will engage people. Those who feel depressed, even despairing, can pick up tools and help put solar panels on every roof, plant trees in abandoned fields, grow local food in rooftop gardens. We can get busy. In so doing, we will be empowered, emboldened and be made happier.

Enhancing our social capital and resilience is essential. It is only possible if we simultaneously eliminate poverty and shrink the social inequities growing in Canada. We can still lead the world to a safe future. That is the Greens' goal. **P**

Elizabeth May, MP for Saanich-Gulf Islands, is the Leader of the Green Party of Canada.

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The Fiscal Update: Do Modest Deficits Matter?

As pivotal days in the annual policy calendar of the nation's capital go, the finance minister's fall fiscal update—officially the Update of Economic and Fiscal Projections—has gradually become almost as big as budget day. In an interconnected world that changes faster than at any previous point in human history, fiscal policy must incorporate a rapid response capacity and a global perspective.

**Kevin Page
and (Matt) Jian Shi**

Finance Minister Bill Morneau tabled his fourth economic and fiscal update in the House of Commons last November 21. As far as updates go, this *Fall Economic Statement 2018 (FES)* is strategically important for the government, and possibly for the future fiscal health of the country.

We are now in an election year. The Liberal government of Prime Minister Justin Trudeau will build its 2019 campaign case around the policy record and economic outlook presented in the update.

The economic picture of the country has shifted. The Canadian economy is much stronger now than it was in 2015 when the government took office and laid out its fiscal strategy. Interest rates are rising, reflecting changes to monetary policy. Budgetary deficits and rising interest rates are a toxic mix for public finance. If the government was going to adjust its fiscal strategy, the 2018 update would have been an opportune time.

In this context, the finance minister and the federal government laid their cards on the table. The economy is strong. Using the average private sector forecast, they plan on the economy

remaining strong through the 2019 election and beyond. With respect to budgetary policy, it will be business as usual. As long as deficits and debt remain modest, they will continue to spend to address policy priorities. In the November statement, this meant responding to business concerns about the loss of a corporate tax advantage with the United States.

There is a lot at stake with the outlook and strategy. Get the planning outlook right, and the government will look smart, and confidence will build in the government's plan. Get the outlook wrong, and the government could be forced to make *ad hoc* adjustments and policy reversals, undermining confidence in the government. Remember the experience of Prime Minister Stephen Harper and the Conservative government in the fall of 2008 when the prime minister was forced to shut down a minority Parliament soon after an election? Confidence can be very fickle.

The economic record of the Liberal government is strong. In the fall of 2015, when the government took power, the economy was weak—real GDP was flat, the unemployment rate stood at 7 per cent, and employment was up about 130 thousand jobs over the previous year. In November of 2018, the Finance

Minister could report that real GDP growth was up 2.5 per cent, the unemployment rate was down to 5.6 per cent, the lowest in 40 years and employment growth was up more than 200,000 over the previous year. This is a politically winning economic record. While budgetary deficits are higher than predicted, they are modest. In a political environment, many Canadians will take a strong economy and modest deficits rather than the opposite.

The economic outlook underpinning the government's plan is a Goldilocks scenario. It is effectively an unchanged outlook from Budget 2018 which was tabled February 27, 2018. Growth remains at potential throughout the medium term. There is little movement in many headline numbers. It is stable as far as the eye can see with respect to inflation, unemployment, and exchange rates. Interest rates rise ever so slightly so as not to shock a household sector loaded with debt.

Morneau can safely say that this is the average private sector outlook. Blame them if reality bites. On the other hand, there is not much in the analysis to suggest how the government's fiscal policy and plan would handle *unanticipated* events, beyond a small contingency reserve of \$3 billion a year (roughly equivalent to the new measures introduced in the *Update* to help businesses). This is the usual rule-of-thumb buffer for downside changes to GDP and interest rates but some analysis of what more and less optimistic forecasters are saying would have been helpful.

In our view, the federal government's plan and potential political fortunes are vulnerable to an unanticipated negative economic event. The current expansion is 10 years old. While it is true that expansions don't die of old

age, many observers of economic and political news express growing anxiety about the possibility of a loss of business and consumer confidence stemming from a trade war between the US and its major trading partners; the build-up of global corporate debt (as highlighted by the IMF in its recent Global Financial Stability Report); and a mismatch between monetary and fiscal policy where rising interest rates coincide with the end of fiscal stimulus. Some of these concerns have been reflected in recent volatile swings in equity markets. In the next recession, Canada is particularly exposed due to high household debt. The analysis underpinning the November update was largely based on “sunny ways”. There is no analysis of negative scenarios. There is no precautionary philosophy or principles.

Table 1 provides a balance sheet perspective of the fiscal plan presented in the 2018 *FES*. Federal budgetary deficits hover in the \$18 to \$20 billion range over the next few years before they begin their gradual descent. The deficits do not go away despite the assumptions of a strong economic outlook. In this planning environment, the debt increases by about \$80 billion over the next five years (about 11 per cent).

“ In November of 2018, the Finance Minister could report that real GDP growth was up 2.5 per cent, the unemployment rate was down to 5.6 per cent, the lowest in 40 years and employment growth was up more than 200,000 jobs over the previous year. This is a politically winning economic record. ”

In 2019-20, a projected federal deficit of \$19.6 billion represents less than 1 per cent of GDP. A projected federal debt of \$707 billion represents 30.5 per cent of GDP. The deficit and debt numbers are modest compared to other Organisation for Economic Co-operation and Development (OECD) countries and do decline over the planning period. A declining federal debt-to-GDP ratio is effectively the only fiscal anchor of the government. Again, in the context of a strong planning outlook, the government is betting that Canadians accept the trade-off of higher debt—of which the increased interest costs will be faced by future generations—as a necessary and convenient trade-off for good economic numbers today.

In many ways, the fall statement was more of a mini budget. It weighed in at a hefty 155 pages. There were some 20 measures that

resulted in adjustments to the fiscal planning framework totaling about \$17.6 billion over six years, only slightly less than the \$21.5 billion in new measures announced in Budget 2018. In the current fiscal environment, it is accurate to say that all of these measures are deficit-financed.

Where the government found the fiscal room for the \$17.6 billion is a little bit of a mystery for the bean counters. The economy, as defined by nominal GDP, is relatively unchanged, yet it is assumed in the *FES* that budgetary revenues will increase close to \$25 billion over the next five years. For some observers, this looks like hocus pocus, abracadabra, voilà! We have a source of funds for a mini budget with no pain (except for the next generation of taxpayers).

Embedded in the fiscal planning framework, as well, is an additional

Table 1: Summary Statement of Transactions

In Billions of Dollars	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Budgetary Revenues	328.9	339.2	352.1	367.9	382.1	396.7
Program Expenses	320.2	328.3	337.3	348.2	359	370.8
Public Debt Charges	23.8	27.5	29.9	31.8	32.7	34.3
Total Expenses	344.1	355.8	367.2	380	391.7	405.1
Adjustment for Risk	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Final Budgetary Balance	-18.1	-19.6	-18.1	-15.1	-12.6	-11.4
Federal Debt	687.7	707.3	725.5	740.6	753.2	764.7
Per cent of GDP						
Budgetary Revenues	14.8	14.6	14.7	14.8	14.8	14.8
Program Expenses	14.4	14.2	14.1	14	13.9	13.8
Public Debt Charges	1.1	1.2	1.2	1.3	1.3	1.3
Budgetary Balance	-0.8	-0.8	-0.8	-0.6	-0.5	-0.4
Federal Debt	30.9	30.5	30.3	29.8	29.2	28.5

Source: Fall Economic Statement 2018. Note: May not add due to rounding.

\$9.5 billion of “non-announced measures”. While it is not unusual in the work of governments to set aside some monies for provisions against contingencies, this is a rather large number and looks to contain future policy measures. Why not wait to adjust the fiscal planning framework when these measures are announced, so parliamentarians are better placed to judge the merits of a proposal in a broader fiscal context?

Virtually all the measures proposed in the fall statement were focused on the business sector. The signature initiative (totaling \$14 billion over 6 years) was the immediate expensing for machinery and equipment in the manufacturing and processing of goods, as well as clean energy equipment and their supporting sectors.

Strategically, this was bold policy and a smart political move. One year before a federal election, the government moves to level the playing field on business investment in the wake of significant tax reductions enacted by President Trump and a Republican Congress. The Liberal government can now plan its political campaign for 2019 with some appeasement of the business sector, and can make the claim that Canada, unlike the US, remains largely fiscally sustainable. However, from a

citizen perspective, we also need to be reminded that we are deficit financing the corporate sector.

In assessing the fiscal direction of a country, it is often helpful to look at revenues and spending as a share of GDP (actual and projected). These numbers can sometimes separate signals from the noise. Table 2 examines changes in the fiscal planning framework at three junctures: a) 2015-16, when the government took office; b) 2018-19, effectively where we are today; and c) 2023-24, the endpoint of the medium-term planning period.

A few observations worth noting: 1) the increase in the federal deficit over the past few years is related to spending; 2) the planned decrease in the federal deficit over the medium term is related to spending; and 3) revenues as a share of GDP are held constant. (Conservatives may like to argue otherwise.)

This raises a fundamental question. How much confidence can Parliament and Canadians have in the government’s fiscal plan going forward—namely a gradual reduction in modest deficits—if the plan is based on reining in the growth of spending?

Specifically, the plan calls for a significant reduction in the growth of some-

thing called direct program spending (i.e.: grants and contributions for programs like infrastructure and research and development, as well as operational spending including wages, salaries, and benefits for public servants.)

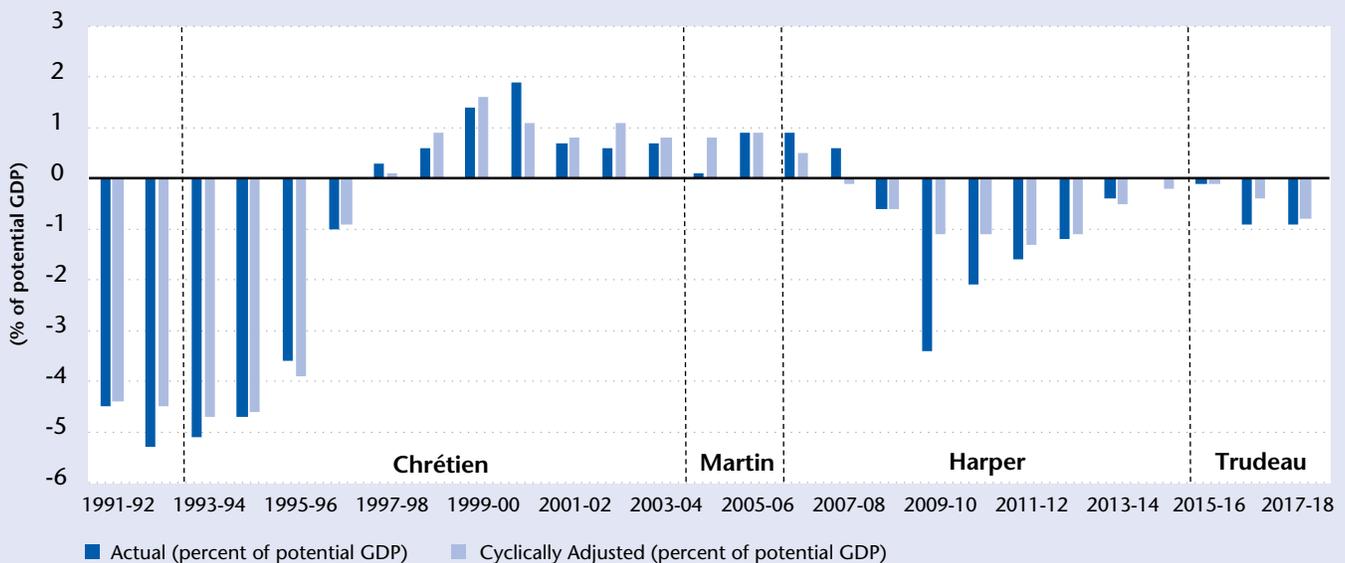
However, this component has contributed the most to the higher deficit in the past few years and, implicitly, is key to better economic outcomes for Canadians. It is also noted that this component of planned spending is the least transparent from a planning perspective. We simply do not

Table 2: Changes in the Fiscal Planning Framework

Per cent of GDP	2015-2016	2018-2019	2023-2024
Budgetary Revenues	14.8	14.8	14.8
Program Expenses	13.9	14.4	13.8
Major Transfers to Persons	4.2	4.4	4.5
Major Transfers to Other Levels of Government	3.3	3.3	3.3
Direct Program Expenses	6.4	6.7	6
Public Debt Charges	1.1	1.1	1.3
Budgetary Balance	-0.2	-0.8	-0.4

Sources: Fall Economic Statement 2018, Fiscal Reference Tables. Note: May not add due to rounding.

Chart 1: Historical Perspective on Budgetary Balances



Source: Adapted From Fiscal Reference Tables

have the details to assess the strength of this spending plan.

Economists like to deconstruct budgetary balances to better understand the role of the economy in the fiscal framework. A stronger (weaker) economy is more apt to promote stronger (weaker) revenue growth and weaker (stronger) spending growth, particularly for programs like employment insurance. One of the cardinal public finance rules to maintaining healthy levels of debt is to encourage governments to use counter-cyclical fiscal policies: provide support for a weaker economy, and withdraw that support when the economy is strong. The latter is sometimes referred to as taking the punch bowl away from the party.

Chart 1 provides the federal Department of Finance numbers for the budgetary balance in actual (as reported) and cyclically adjusted bases. The Finance Canada analysis indicates the current budgetary deficits are virtually 100 per cent structural in nature. They will not go away without specific measures to raise taxes or restrict spending.

In historic terms, Chart 1 illustrates how the Liberal governments under Prime Ministers Chrétien and Martin broke the backs of structural (cyclically adjusted) deficits that ex-

isted throughout the 1980s and early 1990s. The Conservative government under Prime Minister Harper and the current government under Prime Minister Trudeau have brought the structural deficits back.

The structural deficits that have existed since 2007-08 are modest in historical terms. It can also be argued that the structural deficits run by Prime Minister Harper in the wake of the 2008-09 global financial crisis were fiscally prudent. They helped stabilize a weak and unstable economy. It is more difficult to argue that the modest structural deficits run by Prime Minister Trudeau are fiscally prudent unless you are convinced that the government's policy agenda will strengthen the potential GDP of Canada in a way that results in younger generations not minding paying a higher public debt interest as they get older and have less fiscal room to address the challenges of their times.

The last time we had an economy as strong as the current one was in the mid-2000s. Under Prime Ministers Martin and Harper, the federal government was generating budgetary surpluses larger than \$10 billion. This compares to budgetary deficits forecast by Finance Minister Morneau of just under \$20 billion. Notwithstanding the modest size of the federal defi-

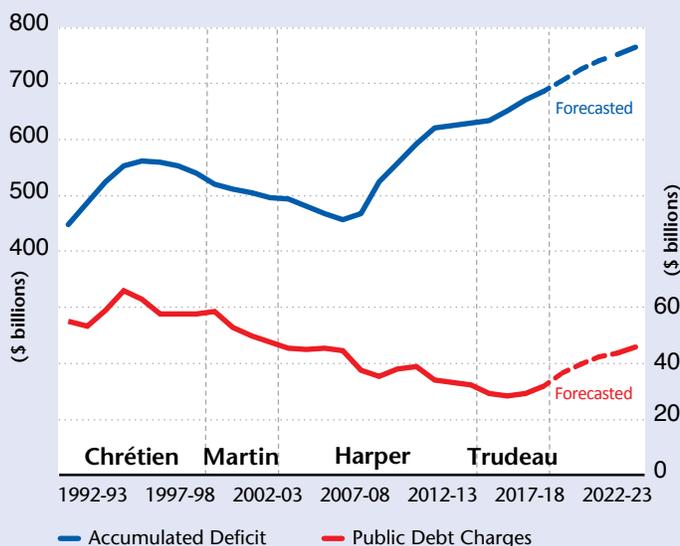
cit, fiscal policy is very different this time around.

Chart 2 provides some historical and planned context around federal debt and public debt interest payments. In nominal terms, it is clear that there has been a substantial increase in the stock of debt since the mid-2000s, and the slope of the upward trend remains relatively steep. Interest on the cost of debt has only recently hit an inflection point and is projected to increase at a fast rate in the years ahead, reflecting both the build-up in the stock of debt and the impact of rising interest rates.

Governments will naturally want parliamentarians and citizens to focus on signature policy initiatives. Chart 3 illustrates the net annual increases in spending on child benefits and infrastructure. These are substantial changes which, the government argues (likely with merit), will help strengthen the fortunes of the middle class. Chart 3 also illustrates that the visa bill of the government will grow by a larger amount. There is a cost to modest deficits. **P**

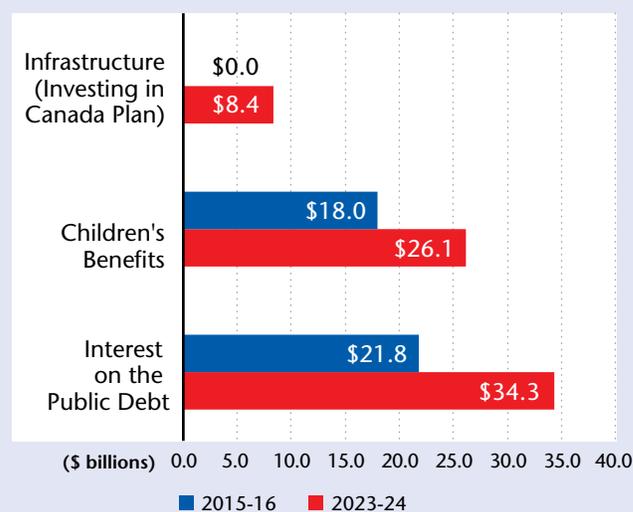
Kevin Page, former Parliamentary Budget Officer, is President and CEO of the Institute of Fiscal Studies and Democracy at University of Ottawa. (Matt) Jian Shi is an Economics student at the University of Ottawa.

Chart 2: Federal Debt and Public Debt Interest



Sources: Adapted from Fall Economic Statement 2018, Fiscal Reference Tables.
Note: Chart break for scale

Chart 3: Projected Increases in Federal Government Spending 2015-16 to 2023-24



Sources: Budget 2018, Fall Economic Statement 2018, Fiscal Reference Tables



After two years of Republican control of both the executive branch and Congress, the Democrats swept the House of Representatives in the November midterms. That will change things for Donald Trump. *Martin Falbisoner Wikipedia photo*

How Will the 116th Congress Drive the Conversation?

The results of the 2018 United States midterm elections altered the power dynamic in Washington by handing control of the House of Representatives to the Democratic Party. The combination of the legislative and investigative implications of that change will impact the Trump presidency.

Sarah Goldfeder

At the heart of any democracy is a challenge: how to honour the preferences of the majority while protecting the rights of the minority. From the first Continental Congress in Philadelphia in 1774, addressing that challenge has been central to governing what we now call the United States of America.

Concerns of the rural southern colonies (the minority) were addressed within the Constitution. The “grand bargain” that produced two equal but different houses was loosely based on the Westminster system, but with one house reflecting the will of the people and the other, the requirements of the colonies—essentially protecting regional concerns of a minority by providing them with equal weight of the majority.

In today’s world, the political split remains mostly the same: the rural voters prefer a conservative take on government and the urban, a more progressive. The results of the United States’ 2018 midterm election reflected this division, with the Democrats winning the House of Representatives and the Republicans achieving modest (but significant) gains in the Senate. In addition, many of the races for seats in both houses were won on razor-thin margins.

For the Democrats who won seats in the 116th Congress, they have a choice between being collaborative or being confrontational. The motivations behind the individual choices have a lot to do with their constituencies and how they each was elected. Many of the newly elected are coming from red-to-blue districts, but the ones making headlines are the four young women that won from the left. While they are representing “safe” districts, and feel that they are in Washington with a mandate to enforce change, many of their colleagues came from those swing districts and are more politically moderate and cautious in their approach.

There is a path towards bipartisan cooperation on specific issues that would give both the Democrats and President Donald Trump something to brag about. Fixing health care, providing a path to citizen for the Dreamers, an infrastructure plan, and a federal minimum wage, for starters. Finding common ground with Trump may turn out to be much easier than it appears.

“ Many will argue that Americans don’t vote on trade, but rather on kitchen-table politics: health care, racial equality, education, economic disparities, the ability to get and keep a well-paying job. However, certain constituencies have made trade a wedge issue. ”

How this political reality plays out in the next two years leading into the 2020 Presidential election is hard to tell. When President Obama faced a split legislature in 2010, the ensuing legislative gridlock resulted in the use of executive action to force movement on key issues. In his first two years, President Trump has already made substantial use of executive orders to push his agenda forward. With a House of Representatives that could prove to be even less willing to work him in the next two, we should expect more of the same.

A Democratic or blue House means a Democrat in the Speaker’s Chair, and all the House committee chairs.

Nancy Pelosi has been there before. In 2008, she was the Speaker of the House. The Bush administration had negotiated a free trade agreement with Colombia under the Trade Promotion Authority Act of 2002. The Democrats were unhappy with the labour provisions of the agreement. Speaker Pelosi introduced an internal rule change that removed the TPA timeline for congressional approval of the trade deal. As a result, the Colombia agreement languished until the Republicans took back the house, finally passing it in 2012 on Speaker John Boehner’s watch.

While different, the concerns the Democrats have expressed on the current U.S.-Mexico-Canada agreement are similar to their reservations with the Colombian agreement. The critical Democratic constituency of the labour unions has never been a fan of trade agreements in general or NAFTA in particular. For Democrats, this deal will represent a challenge

to balance the urban centres that rely on that labour vote (and are represented in Congress by lawmakers that are the furthest left) with the suburban/rural districts where Democrats won by tight margins and the constituencies believe in the agreement.

Many will argue that Americans don’t vote on trade, but rather on kitchen-table politics: health care, racial equality, education, economic disparities, the ability to get and keep a well-paying job. However, certain constituencies have made trade a wedge issue: labor and small business on the one hand, and farms and large corporate interests on the other.

“ United States Trade Representative Bob Lighthizer reached out to the Democratic leadership to discuss the agreement. Those discussions, while labeled as ‘constructive’, have also brought to light specific issues that the Democrats will want to see addressed. ”

The importance of wedge issues in elections lies in the way that they are introduced into the conversation. Wedge issues are typically complex issues distilled into narrow, binary decision points. On trade, the labour unions have succeeded in providing an argument as to why opening the borders to trade has taken away opportunities and depressed wages for

American workers, in effect, making trade a kitchen-table issue.

How do the Democrats then respond to the legislative requirements for ratifying the USMCA? That will depend on how the White House moves forward. Initially, United States Trade Representative Robert Lighthizer reached out to the Democratic leadership to discuss the agreement. Those discussions, while labeled as “constructive,” have also brought to light specific issues that the Democrats will want to see addressed. If and how those are managed will be one part of the strategy to move the agreement forward.

The other variable in these calculations is the president himself. How he chooses to negotiate with the new leadership in the House will determine the fate of the agreement. If he chooses, before the 116th Congress is even seated, to overturn the apple cart and issue a notice of withdrawal from the North American Free Trade Agreement, that will be seen as bad faith by lawmakers from both sides of the aisle. They will argue that while he has the authority to initiate that process, he does not have the authority to complete the process. Regardless, the conversation on what it will take to pass the new agreement will come to a dead stop.

Make no mistake, for the next two years, the United States will be in full campaign mode. The jockeying for position within the Democrats has begun, with potential candidates reaching out to party leadership and influencers for support. Nancy Pelosi, while not under consideration for the nomination for president, is still an important player and how she runs her caucus will be a key factor in the 2020 election.

If the maneuverings of the White House at the end of 2018 are any indication, the Trump administration has yet to determine a campaign strategy for 2020. Questions surrounding who will be the next



President Trump, Prime Minister Trudeau and Mexican President Peña Nieto signing the USMCA in Buenos Aires on November 30, 2018. *United States Government Flickr photo*

White House chief of staff, not to mention whether Mike Pence should remain on the ticket, indicated a level of chaos at the centre of the organization. Meanwhile, the personal twitter account of the president never lies dormant and continues to poke and prod allies and enemies alike.

“ Tariffs, a trade war with China, and a bear market could all contribute to a trajectory towards recession. If the economy weakens enough to affect how much disposable income Americans have, President Trump might have to answer for economic policies that most economists see as problematic. ”

The work of governing the United States has become markedly more difficult.

Tariffs, a trade war with China, and a bear market could all contribute to

a trajectory towards recession. If the economy weakens enough to affect how much disposable income Americans have, President Trump might have to answer for economic policies that most economists see as problematic. Combine that with reduced productivity and wage stagnation and Democrats may have a chance of dusting off the James Carville’s line from the 1992 Clinton campaign, “It’s the economy, stupid.”

Americans want to vote for something or someone, and they vote for the future in every non-incumbent election—which is why Reagan’s “Morning in America” and Obama’s message of “Hope and Change,” resonated with voters. The question for the Democrats in the next two years is whether they can find a candidate that articulates a vision of the future the voters can ultimately endorse. **P**

Sarah Goldfeder, a principal of Earncliffe Strategy Group, is a former State Department official who advised two U.S. ambassadors to Ottawa, and previously served at the U.S. Embassy in Mexico.

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Ottawa → Montréal	Jusqu'à 12	198 km	1 h 55 min	2 h 27 min	227 \$	33 \$	194 \$
Ottawa → Québec	Jusqu'à 8	482 km	5 h 23 min	4 h 39 min	488 \$	44 \$	444 \$
Toronto → Montréal	Jusqu'à 13	541 km	5 h 25 min	5 h 30 min	562 \$	44 \$	518 \$

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* 30 minutes ont été ajoutées à la durée totale du voyage en voiture afin d'inclure les retards dus au trafic et au mauvais temps.

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African singer Angélique Kidjo performs at the centenary of the 1918 World War One armistice in Paris on November 11, 2018, where the existing rules-based international order was represented, as were the authoritarians. *Adam Scotti photo*

Canada Amid Chaos: *Quo Vadis?*

Amid a level of existential churn in Western democracies unseen since the Second World War, Canada—whose commitment to multilateralism, human rights and democracy has been a defining national characteristic—can turn crisis to opportunity by leading the global fight against authoritarianism. That begins with an investment in our relationship with the United States that looks beyond Donald Trump.

Jeremy Kinsman

November 11, 2018: 70 world leaders walked shoulder to shoulder in the pouring rain up the Champs-Élysées, toward the Arc de Triomphe and the Tomb of the Unknown Soldier, a clump of black umbrellas, clustered around the president of France. They came to honour and reflect upon the 1914-18 “War to End All Wars” that, in Winston Churchill’s words, left “a crippled, broken world.”

However—ominously—two neo-nationalist leaders, the presidents of the United States and of Russia, didn’t walk the rainy walk but stepped out of their limos at l’Étoile, and only after the others were in their seats. Had China been present, there would probably have been a third ego-limo at the Arc.

They sat stone-faced as French President Emmanuel Macron warned that “old demons” were re-surfacing, especially nationalist populism. Justin

Trudeau knows nationalism constitutes a wrenching challenge to Canada's interests and values. As would re-kindling the nuclear arms race between the U.S. and Russia.

History shows that the punitive terms of the 1918 armistice, aggravated by a crippling world depression, spawned competitive economic nationalism, and the rise of populist, nativist regimes, notoriously in Germany, where a short-lived democracy died.

The ensuing catastrophe of the Second World War forced victors and losers alike to construct, at last, a cooperative global system that might truly prevent war by mitigating destructive nationalist ambition. This time, instead of staying aloof, an enlightened America led the way. Canada made multilateral cooperation its foreign policy mantra.

Of course, not all wars were ended. Global power alignments played out in proxy conflicts for the Cold War that held a divided world hostage to the shadow of mutually assured destruction.

But in 1989, the Cold War's collapse made it easy to believe cooperative liberal internationalism was the triumphant new norm. Over the next decades, "globalization," driven by a ubiquitous digital technology revolution, lifted more than a billion people out of poverty.

The demonic attacks of September 11, 2001 pole-axed our complacent priorities. The disastrous U.S./U.K. war of arbitrary reprisal against Iraq combined with what remains a perpetual war in Afghanistan turned the Middle East into the first failed region, whose refugees de-stabilized the iconic post-war project for a European Union that would end Europe's murderous wars forever.

The 2008-09 financial crisis that ruined middle class lives with barely any retribution or systemic reform left a bitter impression that greedy interests kept the system fixed so that, as Leonard Cohen put it, "The poor stay poor, the rich get rich, that's how it goes. Everybody knows."

“ History shows that the punitive terms of the 1918 armistice, aggravated by a crippling world depression, spawned competitive economic nationalism, and the rise of populist, nativist regimes, notoriously in Germany, where a short-lived democracy died. ”

As change accelerated, disrupting old certainties of identity, populist nationalist leaders stoked the cynicism, sense of victimization by the political caste, and fear and distrust—of migrants, of “globalism”, of expertise, and even of democracy—all fired up by distorting and irresponsible social media. The New York Times labelled Twitter as “a super highway of hatred.”

In 2016, fear and reactive nationalism prompted the U.K.'s narrow but catalytic Brexit referendum result, sending the country into its gravest—and still unresolved—crisis since the Blitz. Months later, angry Americans elected Donald Trump, whose populist and nationalist mantra of “America first, always America first” made it “a new ball game” for the world, and rationalized an otherwise unthinkable withdrawal of U.S. leadership.

Trump began to trash international institutions and longstanding partnerships. He withdrew the U.S. from critical cooperative pacts, such as the Paris Agreement on climate change and the Iran nuclear deal, while weaponizing unilateral tariffs against U.S. allies, even disrupting international Summits—the G7, NATO—with egregious personal hostility.

No wonder Macron asked rhetorically whether the group photo from November 11, 2018 will be viewed years hence as the last moment before things totally fell apart. Indeed, French rioters took to the streets shortly afterward. As the absence of international leadership became top of mind, Richard Haass of the Council on Foreign Relations Tweeted: “The Merkel era is close to ending, leaving the West and the post-WW2 international order without a leader. The U.S. of @realDonaldTrump

has abdicated. The U.K. is distracted. Canada lacks means. Macron is too weak. Bodes poorly for stability, prosperity, freedom.”

His observation about Canada is revealing—that we are seen as a leader; but that we lack the means. In this critical year ahead, Canada needs to acquire the means we need to defend our interests; democracy, human rights, and multilateralism.

Canada has so far escaped disruption by powerful forces of disaffection. But, as John Manley recently said, “Canada has never been so alone in the world.”

“ Our contextual status quo is gone. We need to work hard to put substance into our ambitious goals of political and economic diversification toward the EU, and with China, Japan, India, and Asia. ”

Our contextual status quo is gone. We need to work hard to put substance into our ambitious goals of political and economic diversification toward the EU, and with China, Japan, India, and Asia. Yet, our primary outward challenge is our relationship with the U.S. It is complicated by the stark Trudeau-Trump comparison: Trudeau had campaigned on a message of free trade, and getting Canada back in the forefront of liberal internationalism. Trump campaigned opposing free trade and on pulling the U.S. away from liberal internationalism.

How do we reconcile our defining commitment to cooperative multilateralism with our economy's dependence on access to the U.S. market, given that the superpower neighbour with which we lived in an easy-going extended family setting has gone rogue internationally, and eschewed old friendships? Unilateral U.S. threats to Canada's economic security and the repeated assaults against truth make it unlikely anyone now in high office in Ottawa will trust this U.S. president again.

We need to be in permanent campaign mode to remain engaged with America. Most Canadians are repelled by the relentlessly divisive aggressiveness Trump shares with his identity-driven nationalist base. But the U.S. narrative is not one-dimensional. Canadians need to channel to the totality of Americans our trust in them and their history to help divert the U.S. from its current trajectory of internal and external hostilities, international disruption, and possible national failure. Meanwhile, we must work professionally with U.S. officials on an everyday basis to optimize as much operational cooperation as possible between the two economies and societies.

Working now to salvage the machinery and motifs of international cooperation could facilitate U.S. re-entry in time, provided increasingly hostile U.S.-China relations don't again split the world in two.

Canada has the means to help lead. Only weeks before the recent contentious APEC Summit (which Trump skipped), Canada convened an informal meeting of Trade Ministers of internationalist democracies and the EU (not the U.S., China, Russia, or India) to strategize on defending the World Trade Organization by reforming it and thereby encouraging the U.S. to stay in as a cooperative member. At the subsequent Buenos Aires G-20 Summit, the U.S. welcomed the effort to reform the WTO, albeit truculently. But the meeting otherwise achieved little, as the U.S. resisted a joint declaration condemning protectionism and reiterated its refusal to take climate change seriously.

As the China-U.S. rivalry becomes the dominant U.S. foreign policy preoccupation, China-phobia is a rare issue that is shared by both U.S. political parties.

Canada must succeed with China, indeed with the whole Pacific region (which now accounts for 20 per cent more trade for Canada than does Europe). There had been concern that the re-negotiated NAFTA agreement (the USMCA in Trumpese) contained clauses constraining Canada's freedom to negotiate a trade agreement with China. It seemed over-blown.

We need a Canada-China set of trade and investment agreements. They will take years to finalize. We cannot condone China not playing by international trade rules. But the Vancouver arrest of Huawei's Meng Manzhou to accommodate a dubious U.S. extradition request cost us credibility. We can't go along with U.S. muscle plays meant to hobble China's rise to global rivalry.

Life will probably be complicated by a global economic turn-down. Canada has specific economic vulnerabilities, especially from the low price of Alberta oil, hemmed in by lack of pipeline capacity to bring it to market.

Given other re-defining upheavals such as the U.K.'s Brexit mess and France's turmoil, the temptation—particularly in an election year—will be just to steer the ship, limit the damage, stay transactional, and, in Trump's pet phrase, "see what happens."

But higher levels of ambition are called for. Others see us as the "other North America." Playing that role wisely will be a challenge.

Canada's profile has arguably not been higher since Lester Pearson's role in resolving the Suez crisis in 1956, nor its reputation more enviable—because of rare stability, inclusivity, self-confidence, and our values, when "values" are top of mind in other democracies under stress. Few countries were as legitimately forthright in condemning recent human rights outrages in Saudi Arabia,

That won't get Canada elected to

the UN Security Council against two worthy contenders, Ireland and Norway. It was a rookie PMO mistake to inflate that secondary contest into a major event years before the actual UN election, just to show that "Canada's back."

Canada is, in fact, substantively 'back' as one of a group of key liberal democracies determined to defend the multilateral system and rules-based international order. Public interest and support for that effort are essential. There will be Canadians who admire Trump's "America first" antipathy to sharing sovereignty, who believe we should mimic it, and confine ourselves to mercantile self-interest.

The counter-case of a deeper national interest in constructive international engagement and defending democracy needs to be made, and not just by our government, but by civil society. A committed coalition of scholars and advocates is mobilizing outward from the University of Ottawa as an optimistic and solidly grounded sign of Canadian confidence in our creative potential in a chaotic world.

Relationships matter. Ours are enviable, on every continent. Trudeau's and those of Foreign Affairs Minister Chrystia Freeland are wide-ranging and valuable. They are supported by multiple relationships of Canadians across the world. But China's retaliatory grab of two Canadians darkens the Canada-China atmosphere, making our objectives harder to reach. Freeland will now have a new priority for 2019—trying to re-set our understandings with China going forward.

We have vital interests to defend and pursue, including positive inclusive democracy itself. We have solidarity allies, including among like-minded Americans. We need to be careful and comprehensive, but we should not feel we are vulnerable because we are alone. We are many. **P**

Contributing writer Jeremy Kinsman is a former Canadian ambassador to Russia, the U.K. and the EU. He is affiliated with University of California, Berkeley.



As the politics of pipelines intensify heading into an election year, the Canadian Energy Pipeline Association presents its argument on how to streamline the regulatory process. *CEPA photo*

Pipeline Politics and What We Share

While the world grapples with the challenge of climate change and the policy implications of mitigating its effects, much of Canada's economy remains dependent on natural resources, including oil. As the recent oil price crisis attests, those resources must be managed responsibly, including in the regulatory realm.

Chris Bloomer

When it comes to pipeline politics, Canada appears to be divided. But those for and those against these infrastructure projects have a lot more in common than might appear.

We want a clear and predictable regulatory process that ensures Canadian energy is delivered in the safest pos-

sible way to all the markets demanding our oil and natural gas—something that all Canadians stand to benefit from. We want to ensure that resource development and transmission are done in a manner that protects the environment. We want to see the social and economic benefits that come from responsible resource development. These aren't just Alberta's problems, these are Canada's problems.

At the time of authoring this article, Western Canadian Select oil is trading at an almost \$17 differential to West Texas Intermediate. That is money being ripped from Canadians' pockets. And while energy infrastructure projects already face numerous challenges to get approved and built, Bill C-69, in its current form, certainly isn't the right solution.

Canada's energy transmission pipeline companies are clear on what amendments they would like to see, and we ask the Government of Canada to take the time to get this right.

The Canadian Energy Pipeline Association (CEPA) is concerned about the economic future of all Canadians. Now more than ever, our country needs regulatory clarity to support the much-needed well-paying jobs the energy industry creates, which contribute economic benefits across the entire country. We need regulatory clarity so international investors can feel confident about investing their capital in Canada.

Bill C-69 poses a major risk to the economic competitiveness of Canadian businesses from coast to coast to coast. While meant to streamline environmental assessments and regulatory approvals, Bill C-69, in its current form, adds unnecessarily cumbersome requirements and extended timelines to major Canadian infrastructure projects. So much so that foreign investment in our energy industry, which is already moving to less-risky opportunities outside of Canada, is unlikely to return.

“ While energy infrastructure projects already face numerous challenges to get approved and built, Bill C-69, in its current form, certainly isn't the right solution. ”

But the Government of Canada has a chance to change negative perceptions and encourage international investment.

1. Amendments to de-risk from increased litigation and judicial review.

As evidenced by the recent Federal Court of Appeal decision regarding the Trans Mountain certificate of approval, the risks of litigation are serious and increasing. The current version of Bill C-69 heightens this risk. Years of legal precedents will be erased, leading to new standards defined by the courts. CEPA is making every effort to work with government to identify areas that could result in additional judicial challenges, and we are proposing amendments aimed at clarifying and removing potential risk. Key court challenges to interpret Bill C-69 would heighten investor uncertainty, threatening the social and economic benefits that Canadians want to see from major infrastructure projects, including pipelines.

There must be amendments in the bill to address legal challenges that have delayed or stopped transmission pipelines after years of review, approval, and equipment and supplies have been moved into place to start construction.

Once a decision is made, that decision should be final and not subject to additional reviews aimed at delaying or killing a project.

2. Remove broader public policy from impact assessment and de-politicize the process

CEPA has been asking for the de-politicization of the regulatory review process for more than two years, since the government of Canada put

into place the National Energy Board (NEB) modernization expert panel. We have argued that while broader public policy issues are important, regulatory review of individual projects is not the place to discuss them.

“ We recommended a two-part review that moves political and broader policy issues to the beginning, before the project undergoes its technical and environmental assessment. ”

We recommended a two-part review that moves political and broader policy issues to the beginning, before the project undergoes its technical and environmental assessment. As it is currently drafted, the bill does identify those policy issues that might stop a project, but they are not dealt with early in the project development and are instead addressed in a later assessment stage as well as the final decision at the very end of the review.

3. Timelines and public participation

In its current form, Bill C-69 has the potential for delays and extending already burdensome timelines. Time outs, extensions and increased scope-of-study areas will lead to timelines exceeding those currently under the NEB review process.

It is important that the regulatory process offers inclusive public participation opportunities but not at the cost of unreasonable and expensive delays. Optimizing public participation should be about balancing procedural fairness with the desire to

enable concerned voices to be heard. That means having a requirement for science and fact-based evidence, not anecdotal observations based on opinion or attempts to obstruct regulatory proceedings.

“ *Bill C-69 eliminates the standing test, leading to a potential outcome whereby anybody, regardless of whether she or he is directly impacted, or impacted at all, could participate equally in the review process.* ”

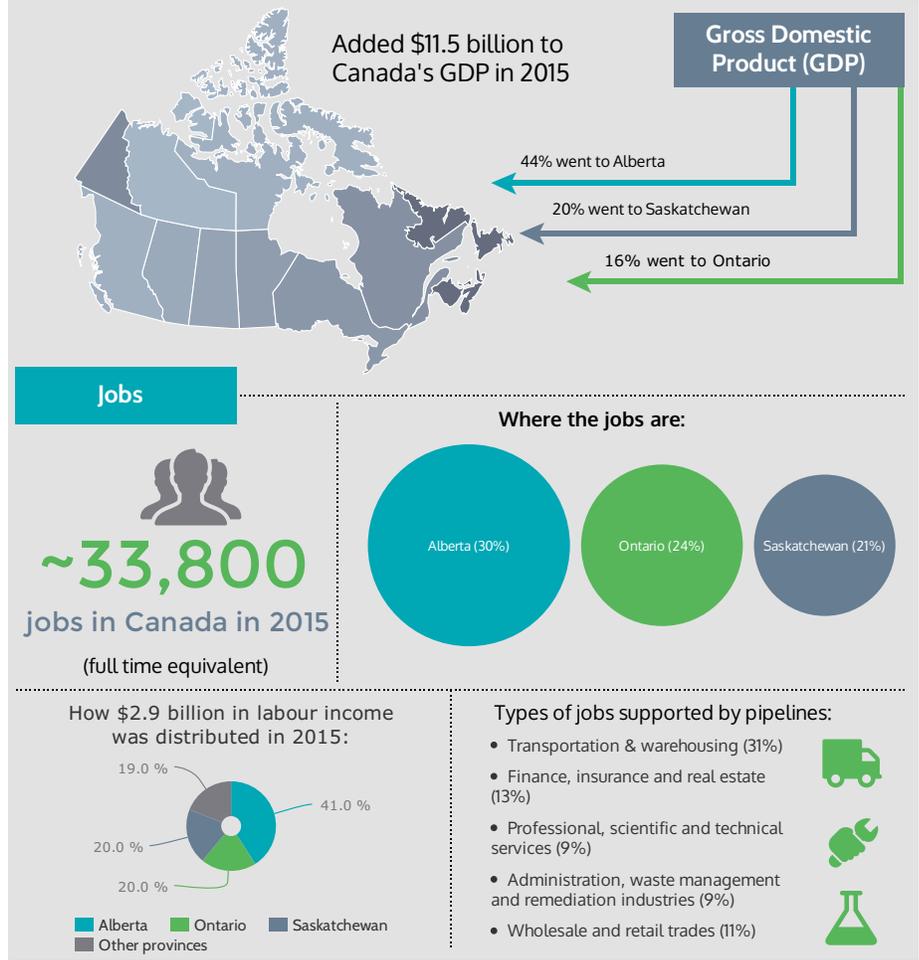
The “standing test” under current legislation has meant that the NEB and other Canadian regulators use a test to determine those who are directly affected by major resource projects and give them a place to speak their views. Bill C-69 eliminates the standing test, leading to a potential outcome whereby anybody, regardless of whether she or he is directly impacted, or impacted at all, could participate equally in the review process.

There needs to be a process in place to ensure both flexible and scalable participation in the review process, at least in the case of intervenors. The idea isn't to remove a participant's ability to engage on a project review, rather to ensure that timelines don't become unwieldy. This stage of the review process, in its current format, is already costly to pipeline proponents and having it undefined and uncontrolled means even more unpredictability and risk for investors.

4. Canadian Energy Regulator

CEPA strongly believes that all pipeline reviews should be led by the NEB as the best placed regulator. The positive changes being made under the Canadian Energy Regulator (CER) Act to strengthen governance and

How do transmission pipelines contribute to Canada?



Source: Economic Impacts from Operation of Canada's Energy Transmission Pipelines

public trust outweigh any need for the Impact Assessment Agency being involved in pipeline project reviews. Replacing the NEB—a regulator and agency that credibly reviewed and approved the LNG Canada project (and other major projects)—would erase a rich history of decision-making precedents and proven processes to start from scratch.

We need to find common ground and come to an agreement so that we get Bill C-69 right. Getting Canadian-produced oil and natural gas to new and existing markets is essential to navigating a path for the future of Canada. But we won't access those markets if we can't get more transmission pipelines built. That means we are at loss when it comes to getting fair-market prices for our re-

sources, in the order of tens of millions of dollars lost from Canada's economy every day.

The lasting effects of the bill will be felt for generations across Canada. The well-paying jobs and economic benefits created by the energy industry have the potential to reshape the future of our country. Transporting Canadian resources to the people that need them means doing it the right way with proper and timely regulatory processes in place.

We can do all this, but we need to get Bill C-69 right if we want Canadian oil and natural gas to be part of the energy future—safer, smarter, together. **P**

Chris Bloomer is president and CEO of the Canadian Energy Pipeline Association.



Column / Don Newman

“Events, Dear Boy, Events”

It was British Prime Minister Harold MacMillan who, when asked what was most likely to knock governments off-course, famously said unforeseen issues were the most troublesome.

“Events, dear boy, events,” was his famous reply.

The coming year will no doubt present enough unforeseen events to divert even the most resolute of leaders. But even without the unforeseen, 2019 promises to be one of the most controversial, confrontational and contentious years we have seen in a long time. Both here in Canada and abroad.

In Canada, 2019 will be a federal election year. That alone would make the year confrontational and contentious. But before the federal election in October, there will be a provincial election in Alberta in May. Unlike most provincial elections that have only limited impact on federal politics, this one in Alberta will likely resonate far beyond the province’s boundaries.

That’s because the unprecedented New Democratic Party government of Premier Rachel Notley is up for re-election. Bedeviled by oil prices that have fallen below the cost of production and repeated legal delays that have blocked construction of the twinning of the Trans Mountain pipeline that would open up Asian markets for Alberta oil, Notley seems likely to be defeated by the United Conservative Party under former federal cabinet minister Jason Kenney.

Until the latest legal setback on the Trans Mountain Pipeline, Notley was a supporter of Prime Minister Justin Trudeau and the Liberal government’s strategy of both building a pipeline and introducing a carbon tax to cut back on greenhouse gas emissions. So

far, no pipeline to the Pacific has been built, but the carbon tax was due to go into effect starting in January, and for now Notley has withdrawn her support for it.

In that new position, she is halfway to joining the Conservative premiers and would-be Conservative premiers in the country. Saskatchewan and Ontario have launched court challenges to the federal tax plan, they are supported by the new Conservative government in New Brunswick and will get additional support from a Premier Kenney if he wins in Alberta in May.

All of this will add backing to federal Conservative leader Andrew Scheer. So far, he has impressed only the people who narrowly voted him Conservative leader in 2017. But he is planning his campaign around the carbon tax and will certainly get some resonance from the Conservative premiers.

The carbon tax, the split opinions on whether the pipeline should proceed, slow infrastructure spending and the decision not to change the electoral system will all be issues the Trudeau Liberals will have to contend with as they seek a second mandate. At the moment, the governing party’s best hope is that neither the Conservatives nor the New Democrats have much in the ways of new ideas, or a leader with much ability to sell those ideas if they existed.

Canadian politicians will have to deal with events outside Canada as well. In the United States, 2019 will be the year Donald Trump either survives Democratic investigations in the House of Representatives into a myriad of his actions as president. If he does not survive the inquiries, he will be left a lame duck at best, or impeached under the worst-case scenario.

Just as threatening will be the fallout from the report of Special Counsel Robert Mueller into whether there was collusion between the Trump campaign and the Russians during the 2016 election campaign that made him the 45th president.

This means American politicians and officials are going to be preoccupied with internal political issues. Things important to Canada, such as the ratification of the U.S.-Canada-Mexico trade deal replacing NAFTA, could fall by the wayside. Any other bilateral or multilateral issues where Canada has a stake could also get short shrift.

Politics in Britain will also impact Canada. The UK is scheduled to leave the European Union in March, though events could dictate otherwise. Nobody outside the United Kingdom understands the logic of Brexit, and the nostalgic view that it will restore the country to its former glory will likely produce the epiphany that nostalgia isn’t what it used to be.

One of the Brexiteers’ plans is for early trade deals with Canada and the U.S. As Canadians and Mexicans recently found out, negotiating a trade deal with the Trump administration is no walk in the park. And Canada will have to be careful of offending the European Union and disrupting CETA, the Comprehensive Economic and Trade Agreement we negotiated with the EU two years ago, when it sits down with the British.

So, as we greet the new year there will be more than enough that can be predicted on politicians’ plates. And then, of course, there will be more.

“Events dear boy. Events.” **P**

Don Newman is Senior Counsel at Navigator Limited and Ensign Canada, and a lifetime member of the Canadian Parliamentary Press Gallery.



Before
the Bell

THE REVIEW

- Rising of social enterprises in Canada.
- The future and impact of AI in society.
- Cannabis education and youth.
- A new social finance fund for Canadians.

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THE RECORD



**SIXTH
ESTATE**

Before
the Bell



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caffeine and content

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FROM THE EDITOR

Our mission on Before the Bell and our Spotlight series is to address the intersection of issues and public policy. In 2018 we produced 14 Before the Bell shows and an additional five Spotlight sessions. The information in each show was captured through our incredible video team at Skyfly Productions with accompanying stories written by Dale Smith that appeared here in The Review as part of Policy magazine.

The breadth of content we examined in 2018 wouldn't have been possible without the contributions of so many great guests. We are very grateful for the masterful job by our permanent host Catherine Clark, and special guest hosts Susan Delacourt, David Akin, Shawn McCarthy and Lianne Laing.

To ensure that the wealth of this content is easily accessible and continues to be part of the public record, we added a new Archive feature to our website. Now you can search past editions of the shows by topic, date, location and view the full video or read the accompanying stories. We hope you enjoy this new element.

In this edition of The Review we look at three important topics affecting Canadians: the rise of social entrepreneurship, the growing pervasiveness of artificial intelligence (AI), and the legalization of cannabis.

We begin with social entrepreneurship. While Canada lags behind the innovation being witnessed in the United States and the United Kingdom there is a growing

movement among Canadian entrepreneurs on delivering social good while making a profit. Dale Smith gives us an account of where we are in his piece Capitalism with a Cause: The Rise of Social Entrepreneurship in Canada.

In a follow-up opinion piece from Tania Carnegie, Chief Impact Officer with KPMG, she commends Canada for its first social impact fund as a step in the right direction to help address social causes in Canada's Social Finance Fund.

Next, Before the Bell examined at the future of AI in Canada while looking at both the opportunities and challenges that it presents. Dale Smith captures this in Artificial Intelligence: Real Implications.

Then François Gaudreau and Sylvia Kingsmill, both with KPMG, argue that the concern over job loss as we move to AI may be somewhat misguided in their piece Intelligent Process Automation.

Finally, with the legalization of cannabis late last year, our Sixth Estate Spotlight session unveiled new research from Nik Nanos on the continued need and desire for education, especially among youth. Dale Smith covered the story here in Cannabis in Canada.

Through 2019 we will continue to cover important topics on both Before the Bell and our Spotlight sessions. You can find a list of our upcoming shows by going to our website SixthEstate.ca. We look forward to seeing you at one of our upcoming events.



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Left to Right: Catherine Clark, Minister of Small Business and Export Promotion Hon. Mary Ng, and Craig Ryan, Director, Social Entrepreneurship, BDC

Capitalism With A Cause: Rising Social Entrepreneurs in Canada

BY DALE SMITH
Sixth Estate

There is a growing trend toward creating small businesses that make a positive difference in the communities that they serve. Social entrepreneurship has been defined as the use of companies to develop, fund and implement solutions to social, cultural or environmental issues in a way that often blends for-profit goals with a positive “return to society.” Before the Bell hosts Catherine Clark and David Akin each hosted panels of stakeholders and experts, including Minister of Small Business and Export Promotion Mary Ng (Markham–Thornhill, ON), to discuss these new business models.

During the Pulse segment, Katharine Cornfield, founder of ambiSHEous, said that social entrepreneurship defines value differently than conventional concepts of profit or shareholder return.

“When you’re working with young people, they define value differently,” said Cornfield. “In Almost every single case, the business ideas they’re coming up with have embedded in their business model a social or environmental impact, or a community benefit or a political message that they want to support.”

Corinne Pohlmann, senior vice-president of national affairs and partnerships with the Canadian Federation of Independent Business (CFIB), said that when social entrepreneurs look at a problem to be solved, they see enterprise as a solution.

“At the end of the day, we all need to have an income, so it has to be done in a way that you can make some money out of it, and that’s the part that’s still in development,” said Pohlmann. “More consumers are asking what you’re doing to help out the community or the world.”

That demand has become a branding consideration, with many business seeking B-Corporation certification to identify themselves as socially responsible. Certified B-Corps have been assessed and approved by B Lab, a global nonprofit organization, as enterprises that balance purpose and profit and are legally required to consider the impact of their decisions on their workers, customers, suppliers, community, and the environment.

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Capitalism With A Cause: Rising Social Entrepreneurs in Canada

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Elisa Birnbaum, the publisher and editor-in-chief of SEE Change Magazine, said that the market has played a role in the rise of social enterprises because consumers are savvy about the businesses they're patronizing.

"Social entrepreneurs are the ones really rising up to respond to those demands and those questions, and the quest for more transparency, sustainability, social responsibility," said Birnbaum. "That market demand will keep spurring more social entrepreneurs to respond to it."

Birnbaum adds that there is a lot of "greenwashing" in the market right now but that consumers can discern a lack of authenticity. She said there needs to be a legislative framework to spur movement in the space by assuring legitimacy.

During the Policy segment, Matthew Hoar, the CFO of Flow Water Inc., an alkaline spring water company, said that while it's more expensive to operate than another water company would be, Flow's practices allow them to have a deeper connection with their customer base.

"The cost of doing business as a B-Corp [benefit corporation] is real, but the benefit is also real, and we're seeing that," said Hoar.

Hoar added that the "table stakes" for any business include having an environmental mindset, and that there is no other way for them to really operate.

Craig Ryan, director of social entrepreneurship at Business Development Canada, said that the growing trend of entrepreneurs who aren't acting as "profit-maximizing robots" is why BDC has taken such an interest in the social



The business ideas they're coming up with have embedded in their business model a social or environmental impact, or a community benefit or a political message that they want to support."

— Katharine Cornfield
Founder of ambiSHEous

enterprises, and that they're succeeding because they're operating differently.

"What gives me the confidence in the strength of this movement is the fact that it's way bigger than entrepreneurs," said Ryan. "It's a broad socio-cultural change defined by people's use of money. This is a big movement that is not a bubble, that is past the experiment stage."

Minister Ng said that with her portfolio, she needs to help small businesses realize that there are markets with 1.2 billion people under the three major trade agreements that the government has signed onto — the USMCA, the Trans-Pacific Partnership, and the European trade agreement — that they can grow into, and that there are programs to support them.

"We're the only G7 country that has trade agreements with every other G7 country, and that is billions of customers abroad," said Ng. "We have services and supports for our companies including social entrepreneurs, in starting, growing and accessing new markets, and I'd love to get more of those companies export-ready."



Tania Carnegie
MBA, CPA,
CHIEF IMPACT OFFICER,
KPMG IN CANADA

Canada's Social Finance Fund

The announcement of Canada's first Social Finance Fund is a significant and exciting step forward in addressing some of the complex and persistent social problems faced by Canadians. Created with input from public and private stakeholders across multiple fields, its ultimate success will also require collaboration across sectors.

Creating the Fund was one of twelve recommendations of the Social Innovation & Social Finance Strategy Co-Creation Steering Group in its August 2018 report *Inclusive innovation: New Ideas and New Partnerships for Stronger Communities*, and later made official in the

Federal Government's Fall Economic Statement.

The Fund aims to provide charitable, non-profit, and social purpose organizations with access to new financing opportunities for projects that drive positive social change. It will make up to \$755 million in financing available over the next decade, as well as earmark \$50 million over two years to develop an Investment and Readiness stream to support the ability of these organizations to participate in the social finance market.

Social finance (investments intended to create social or environmental impact and generate financial return) is not new in Canada. This new Fund will help expand and strengthen the existing social finance market, and provide communities with new tools and funds to innovate and solve the challenges they are facing. In addition, it is estimated that the Fund could generate up to \$2 billion in economic activity, and create and sustain up to 100,000 jobs over the next 10 years.

All of the recommendations in the Steering Group's report were informed by an extensive and collaborative engagement process. Over a twelve-month period, I was proud to work with my fellow Steering Committee members to consult with Canadians through a series of in-per-

son and online engagements. Their insights and experience, and the ensuing discussions and debates, helped ensure that our recommendations reflected the challenges and opportunities facing charities, non-profits, and social purpose organizations. In developing the recommendation for the Fund, we also examined best practices and lessons from similar Social Finance Funds in other countries. The result is a truly progressive "made in Canada" approach to help our communities prosper.

The creation of a Social Finance Fund sends a strong signal about the important role of investment capital, not just philanthropic capital, to foster stronger communities. By catalyzing partnerships between private investors and social purpose organizations, the Fund will help fuel innovative approaches to overcome social challenges that make it difficult for some Canadians to prosper.

Further details will take shape in early 2019, but the legacy of the Social Finance Fund will be defined by the people and ideas that take shape around it.

Tania created and leads the Impact Ventures practice at KPMG. She was a member of the Social Innovation and Social Finance Strategy Co-Creation Steering Group.



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Artificial Intelligence: Real Implications

BY DALE SMITH
Sixth Estate

While Montreal has emerged in the past five years as a global hub for artificial intelligence (AI) research and talent recruitment, Ottawa is where Canadian policy in the revolutionary realm is being generated, and that makes it a hot topic for politicians, public servants, journalists and consultants in the capital. In March of 2017, the Trudeau government announced \$125 million in funding for a Pan-Canadian Artificial Intelligence Strategy with a goal of making Canada a world leader in the field. And when the Innovation Super-

clusters Initiative unveiled its five winning bids earlier this year, the SCALE AI supercluster was among them. While AI — the replication of intelligent outcome optimization once the exclusive domain of humans now shared by machines — has the potential to offer undisputed real-world benefits, there remain many public policy, implementation, and ethical questions around the technology. Before the Bell hosts Catherine Clark and David Akin each hosted a panel of experts and stakeholders to discuss those very questions.

During the Pulse segment of the event, hosted by Akin, Chantal Bernier, counsel and head of Dentons' Canadian privacy and cybersecurity practice, said that the current legislation may not

be able to keep up with the consent implications for AI.

“The AI takes in data, for example my name, address, and purchase history, and creates a profile on me that I’ve never granted my consent for,” said Bernier. “The consent and transparency implications of artificial intelligence would require the modernization of the legal framework.”

Marc-Etienne Ouimette is director of public policy and government relations at Element AI, the Montreal company co-founded by globally recognized AI pioneer Yoshua Bengio. Ouimette said that Canada has been ahead of the curve

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Artificial Intelligence: Real Implications

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when it comes to investing in the development of AI.

“The story of the development of AI itself is a microcosm of this false divide between fundamental research and applied research, and the need to fund research in the first place,” said Ouimette. “We wouldn’t have this AI breakthrough in Canada were it not for the fact that the government invested over a twenty or

thirty-year period into what led to the breakthroughs in deep learning and neural networks.”

Dan Duguay, principal at Tactix, said that there is a gap between government and industry based on the difference in level of understanding of where technology is and any government’s ability to keep up with the head-spinning pace of innovation.

“That’s a gap that’s difficult to bridge, if industry and government aren’t talking the right way and understanding each other,” said Duguay. “The second problem that AI is demonstrating is the rate at which that technology evolves and changes, and the rate at which government stays on top of it. There’s an asynchronous nature to that which is even worse in AI.”

Duguay worried that the gap may become unmanageable without principles-based legislation.

During the Policy segment hosted by Clark, Sigfried Usal, managing director of cortAix at the Thales’ Centre of Research and Technology in Artificial Intelligence expertise in Montreal, said that the greater connectivity of systems is producing a lot more data than it used to.

“You have to deal with that massive data

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The problem that AI is demonstrating is the rate at which that technology evolves and changes, and the rate at which government stays on top of it. There’s an asynchronous nature to that which is even worse in AI.”

— Dan Duguay
Principal at Tactix

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Artificial Intelligence: Real Implications

CONTINUES FROM PAGE 6

while still applying some human rules, because we're still living in a human world," said Usal. "If you apply [those rules] with the new AI, you go faster, you deal with more data, and you're more efficient and safer."

Usal said that while AI helps to solve human problems, there needs to be more transparency in how AI is created in order to ensure that centralized companies don't own all of the data and the power that is implied with it.

Mary Van Buren, president of the Canadian Construction Association, said that while the industry is still seen as being "old school," it is employing AI in order to solve the problems of productivity and life-cycle management. One way is through 3D printing.

"In the Netherlands, they've actually printed concrete and steel bridges, which helps to reduce waste," said Van Buren. "There's also new software for building information modeling, and that allows people to collaborate on large projects with real-time information."

Van Buren said that with data gathered by one system, like the new LRT system in Ottawa, it can help not only with maintenance, but can be used to improve other, similar systems.

Van Buren says that with the industry entering a labour crunch while the government has made \$180 million in infrastructure investments, there is an opportunity to use AI to help close the gap.

David Lametti, MP for LaSalle-Émard-Verdun, QC, and parliamentary secretary to the minister of Innovation, Science and Economic Development, said the government feels that it has a role in developing AI, which is why it's working with private sector partners.

"We want to be a powerhouse, we want to invest and work with the kinds of partners at basic research and applied research in order to make that happen, and we have to create the normative frameworks – have the right privacy laws, security laws, and ensure that we can build trust in the system," said Lametti. "And we can't forget the ethical implications to ensure that we respect human beings in all of this, and not create a digital divide of AI haves and AI have-nots."



François Gaudreau

PARTNER,
MANAGEMENT CONSULTING,
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Sylvia Kingsmill

PARTNER,
RISK ADVISORY,
KPMG IN CANADA

Intelligent Process Automation

There is a habit of equating intelligent process automation (IPA) with replacing human jobs, but this could not be further from the truth. Even in their most basic form, automation technologies can simplify processes, accelerate services, and free government employees' time and energy to deliver impactful public services.

It is not about the 'rise of the machines', it is about unlocking real human potential.

Rapid and non-invasive by nature, IPA technologies make government business models more nimble, accurate, cost-effective, and reactive to their constituents. Moreover, they create stronger efficiencies, bolster data security and governance, and enable public sector workers to focus on higher, value-added activities.

The price of entry is low and the options are many. Automation technologies run the gamut from basic rules-based applications to more intelligent 'learning' and 'reasoning' tools, and there are already a host of tested and trusted 'plug-and-play' solutions in the market. The government could be better served by starting small with 'rule-based' technologies (e.g. robot-

ic process automation (RPA) and robotic desktop automation (RDA)) to drive better mission outcomes and branching out to various cognitive methods (e.g. artificial intelligence, predictive analytics, natural language processing, etc.) as opportunities arise.

Put simply, IPA technologies are primed for public sector adoption. They can be embedded with minimal disruption, integrate seamlessly with existing systems, and do their job around the clock.

Like any new addition to the team, however, steps must be taken to create a symbiotic person-machine ecosystem. That involves identifying which processes are primed for automation, conducting a 'proof-of-concept', and training staff on their new digital colleagues. Most importantly, it requires a deployment roadmap to help ensure automation technologies have the best chance of capturing immediate and sustainable benefits.

François Gaudreau, Partner, Management Consulting, KPMG in Canada.

Sylvia Kingsmill, Partner, Risk Advisory, KPMG in Canada.

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BY DALE SMITH
Sixth Estate

Whether or not you're suddenly consuming marijuana as of one second past midnight on October 17th, the legalization of weed in Canada will affect your life. On the eve of cannabis legalization, Sixth Estate's Spotlight series discussed the ramifications of the

change, and what Canadians should realistically expect and prepare for. Host Catherine Clark was joined by a panel of experts and stakeholders, led off by Nik Nanos, chairman of Nanos Research, who presented polling on legalization commissioned by the Canadian Centre on Substance Use and Addiction (CCSA).

The Nanos research shows that most people are concerned about people driving while impaired and the negative impacts of legalization

on youth. He found that 27 per cent of Canadians felt they were knowledgeable about the health effects of cannabis and 57 per cent felt they were somewhat knowledgeable, and that those under 35 years of age were more likely to self-report they felt knowledgeable.

"When only about 25 per cent of Canadians self-report being knowledgeable, it

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shouldn't be a surprise that educating youth has a significant level of traction," said Nanos of the results.

Nanos added that 52 per cent of Canadians feel confident in knowing the effects of cannabis on driving, and that while 47 per cent of Canadians have admitted to trying it (another seven per cent admit to using it occasionally and three per cent call themselves frequent users), some 62 per cent of Canadians say they don't plan to use it once it is legalized.

"I would expect this number to change," said Nanos. "It will be interesting to see what the pace or velocity of change might be on this particular question."

Dr. Mark Ware, chief medical officer with the Smiths Falls-based medical marijuana company Canopy Growth, is the former director of clinical research at the MUHC Pain Management Unit in Montreal. Ware, who served as the vice-chair of the federal government's legalization task force, said he's been interested in

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Left to Right: Host Catherine Clark, Dr. Mark Ware, Rebecca Jesseman, Nik Nanos. Source: Sixth Estate

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cannabis as a way to deal with chronic pain for more than 20 years.

“The task force opened my eyes to public policy, and realizing the impacts that the policy has had on cannabis use patterns, criminalization and social justice issues,” said Ware. “At the cusp of legalization, I see it less as a point in time than as part of a very long process that has been going on for some time.”

Ware said that the process will be a journey over the coming decades, and that he looked forward to working with cannabis as a legal substance.

Rebecca Jesseman, director of policy with the CCSA, said that her organization is looking at legalization from a public health standpoint, which means having a robust regulatory framework, investing in prevention, having treatment services available for those who have problematic use, and monitoring the impact.

“It is going to be a work in progress,” said Jesseman. “We have the opportunity and the challenge of a natural experiment in Canada where the regulations vary in every province and territory, so we’re in a unique position as policy researchers to be able to look at what’s working in which context, and to establish best

practices in order to lead the world in terms of regulation.”

Ware said that because there will be a greater ability to assess tetrahydrocannabinol (THC, the principal psychoactive constituent of cannabis) levels and where cannabis is coming from, it will be easier to measure risks going forward because better data can be collected from use.

Jesseman added that policy makers should be more proactive than just waiting for research on cannabis use, and should draw from research on other substances like alcohol, and tools such as minimum pricing to curb problematic use.

“We know about how to effectively communicate messages about responsible use,” said Jesseman. “We’ve learned from the tobacco campaigns, from the impaired driving campaigns, so applying those lessons to cannabis is something we can and should be doing right now.”

Nanos said that educators should also take the time to have the discussion about edibles and consumables before they are available on the market, given that there is already social stigma around smoking. Ware added that there isn’t a simple unit of measurement for cannabis use, which will make it more difficult to have sensible conversations during the education process.

Jesseman said that point of sale information will also be very important for communicating and educating the public, including through product packaging.



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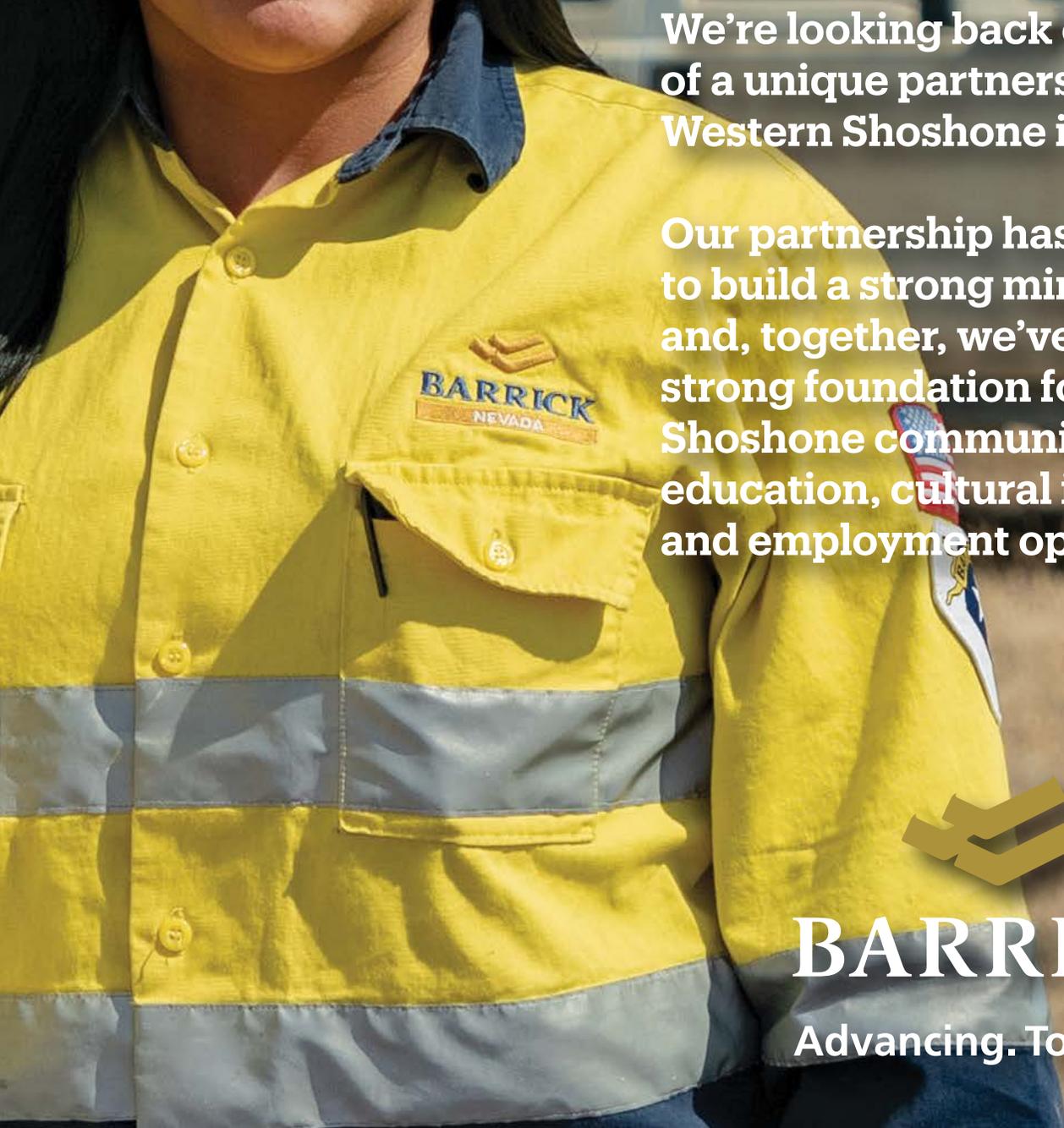
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