

THE MAGAZINE OF THE MACDONALD-LAURIER INSTITUTE

INSIDE POLICY

MARCH 2017

Canadian border security

Asylum seekers:

Why we're missing the real issues

Also INSIDE:

Our health and our rights: From Chaoulli to Cambie

Yes, Canada has a culture

What Canada at 150 means to us

Looking ahead at Canada's global security challenges





INSIDE POLICY

THE MAGAZINE OF THE MACDONALD-LAURIER INSTITUTE

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From the editors

Canada is currently dealing with an influx of asylum seekers crossing the border from the United States. Many expect this number will only increase later in the year, as the harsh Canadian winter finally thaws. As MLI Munk Senior Fellow **Christian Leuprecht** writes in our cover story, the government should allocate more resources to deal with this national security challenge. However, rather than placing resources along the 49th parallel, Leuprecht suggests a better approach is to shore up intelligence and immigration enforcement capacity beyond the border.

Canadians also confront a more complex and increasingly dangerous global geo-strategic landscape. To shed light on this issue, this issue of *Inside Policy* also features six articles that are part of MLI's *Global Security Look Ahead* project. **Steve Saideman** looks at what the new Trump presidency means for Canada. Renowned strategist **Edward Luttwak** argues that Canada needs to shift its security policy away from Europe to the Pacific. The issue of Canadian cyber security is further explored by **Ray Boisvert**. **Alex Wilner** introduces these articles and also comments on the future of the so-called Islamic State. **Stéfanie von Hlatky** examines how NATO must confront Russian expansionism, while **Aurel Braun** and **Stephen Blank** turn their attention to how Canada must adapt to Russia's activities in the Arctic.

Two additional articles explore global security issues in more depth. **Marcus Kolga**, newly appointed Senior Fellow to MLI's Foreign Policy Centre, offers a warning on Russia's desire to divide the world along Cold War lines, while **Peter Layton** from Australia's Griffith Asia Institute looks at the prospects for Canadian-Australian security cooperation in the Pacific.

We are delighted to feature two articles offering different perspectives in advance of Canada's 150th birthday by **Ujjal Dosanjh** and **Charlotte Gray**, respectively. Canada's roots in Western civilization are also explored in more detail by **Philip Carl Salzman**, who answers the question of whether Canada has a culture. (It does.) One of the most troubling aspects of Canada's history has been its treatment of Indigenous people. However, according to **Ken Coates**, the current government is pursuing a new and more positive approach to Indigenous affairs.

Canadians continue to be worried about jobs and employment. As **Sean Speer** notes, we are right to be concerned about such issues, especially given the stagnant participation rate of the Canadian labour force. **Brian Lee Crowley** also points to the lack of competition as a factor currently squeezing the wages of workers. This does not mean that we should adopt such ideas as universal basic income, says **Robert Colville**. Employment is the best answer to such ills. Fortunately, as noted in another article by **Brian Lee Crowley**, even increasing automation is unlikely to decrease the number of jobs.

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When a Supreme Court judgment is not final

Why are the courts still pondering the constitutionality of Canada's health system 12 years after Chaoulli? It's complicated.

Stanley H. Hartt

Dr. Brian Day is to Canada's universal coverage, single payer, tax-funded, government-administered system of medical care and hospital insurance what Henry Morgentaler was to our now defunct abortion laws. Just as Morgentaler repeatedly challenged (often provoked by state action taken against him) the rules that made a woman's right to an abortion a criminal offence in some circumstances, Dr. Day has spent much of his career battling against Canada's medicare laws.

Born in Liverpool, England, trained at the University of Manchester (with specialist training at UBC), Dr. Day is an orthopedic surgeon who operates a private clinic known as the Cambie Surgery Centre in Vancouver. Dr. Day has long believed that the federal and provincial legislation governing how Canadians access the country's medical system is unconstitutional because it prohibits choice and access to private services outside the provincial plans for medically necessary services.

In 2005, the Supreme Court of Canada rendered a decision known as

Chaoulli v. Quebec (Attorney General), in which the majority found that Quebec's *Health Insurance and Hospital Insurance Acts* were inconsistent with the provisions of the *Quebec Charter of Human Rights and Freedoms*. Section 1 of that *Charter* provides that, "Every human being has a right to life, and to personal security, inviolability and freedom."

Section 7 of the *Canadian Charter of Rights and Freedoms* enshrines a similar principle, declaring that, "Everyone has the right to life, liberty and security of the person and the right not to be deprived

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thereof except in accordance with the principles of fundamental justice.”

The Plaintiffs were two individuals, Dr. Jacques Chaoulli, a physician who had tried unsuccessfully to obtain regulatory recognition for medical services delivered at patients’ homes and to obtain a licence to operate an independent private hospital, and George Zeliotis, a patient who had waited extraordinary lengths of time for each of two hip replacements, but, because such surgery was deemed “elective,” had suffered in pain.

The essence of the claim by the Plaintiffs was that, when waiting times for medically necessary and insured services exceed what are tolerable norms according to the consensus of expert medical opinion, the resulting pain, tissue damage, deterioration, or death of a patient represents an infringement of that person’s right to life and/or personal security.

Dr. Day’s Cambie Surgeries Corp., along with a number of other BC-based private clinics, were interveners in that case.

So, if wait times that are longer than medically advisable can lead to a decision by the country’s highest court that our vaunted and cherished system of medicare can be unconstitutional, why is the issue still being debated before the BC Supreme Court by, among others, the very same Dr. Brian Day and Cambie Surgeries?

The answer is complicated: first of all, in what may be seen as a stroke of genius for their immediate purposes, the Honourable Justices of the Supreme Court (there were only seven on the bench at that particular time, Justices Frank Iacobucci and Louise Arbour having resigned and their replacements not yet named) determined that Madame Justice Marie Deschamps should write the notes for the majority. She concluded that, finding a violation of Quebec’s own *Charter* in the factual circumstances before the Court made it unnecessary (if not inexpedient) to base the decision on the *Canadian Charter* as well.

The three Justices who concurred with her (McLachlin, Major and Bastarache) did expressly find a violation of Section 7 of the *Canadian Charter*, but the three dissenting Justices (Binnie, LeBel and Fish) held otherwise. As a result, the Supreme Court has not, in fact, rendered a decision that would apply in British Columbia.

There is a legal maxim that a court judgment may either have effect by reason of authority (our system of stare decisis where lower courts are bound to follow the law as established by higher tribunals) or by the authority of reason (because of the persuasiveness of the arguments employed by any court, even one in a foreign jurisdiction, to reach a given conclusion).



*There is a legal maxim that
a court judgment may either have
effect by reason of authority ...
or by the authority of reason.*

Even if *Chaoulli* does not strictly bind the Supreme Court of BC, isn’t it obvious that arbitrary and random delays in treating a patient’s disease, illness, or other condition in a time frame beyond what is medically acceptable violates that person’s “personal security” or “security of the person”?

Well, not exactly. In the first place, there is the little matter of the concluding words of Section 7 of the *Canadian Charter* itself: “and the right not to be deprived thereof except in accordance with the principles of fundamental justice.” These words, which do not appear in the *Quebec Charter*, were the subject of some debate in the Court of first instance, the Court of Appeal and the Supreme Court in the *Chaoulli* case.

Then there is the issue of what to do about the language in Section 1 of the

Canadian Charter on the constraints on rights that arise out of concern for the general welfare. As it notes, the rights set out in the *Charter* are “subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.” (Quebec’s version of the same concept, as expressed in Section 9.1 of the *Quebec Charter*, is more confusing and reads, “In exercising his fundamental freedoms and rights, a person shall maintain a proper regard for democratic values, public order and the general well-being of the citizens of Québec. In this respect, the scope of the freedoms and rights, and limits to their exercise, may be fixed by law.”)

The conclusions sought by Dr. Day and his Centre in their BC action go well beyond the conclusions of the Supreme Court in *Chaoulli* and seek the right to establish a parallel private, for profit medical care system in BC alongside the publicly-funded one.

So Dr. Day’s quest is not necessarily quixotic, though it might turn out to be futile or backfire. Remember when the Supreme Court found, in the case of Sue Rodriguez, that physician-assisted suicide could not be justified under our Constitution only to reverse itself on what read like exceptionally flimsy grounds in the recent *Carter* case? The *Chaoulli* decision unleashed a barrage of fear and loathing based on the premise that the state system could never be funded so generously as to always guarantee that every individual was

treated within the time norms set by the medical profession. The decision therefore was seen as representing a slippery slope leading to the disappearance of medicare as we know it. It would not be unreasonable to be concerned that the Court may want to take advantage of a second chance to “clarify” the logical implications of its earlier analysis.

A mitigating factor might be the way Quebec responded to the threat to its entire system of service delivery and payment

procedures that can be performed in Quebec private clinics jumped significantly. In addition to hip and knee replacements and cataracts, private clinics are now able to do a wide range of procedures, including a number of major surgeries. Other provinces have, to varying degrees, followed the model of encouraging greater use of private clinics which, far from demolishing medicare as we know it, has kept the wolf from the door by decreasing wait times for these interventions

quality public health system.”

So why is Dr. Day insisting on revisiting these dicta in his favour? His hand was forced by a proceeding initiated against several BC private clinics for charging user fees and engaging in extra billing for medically-necessary services covered by the publicly-funded plan. As a result, the Defendants launched a *Charter* challenge in 2009 claiming that the law protecting single-tier public medicare is unconstitutional, citing the *Chaoulli* case. The presentation of evidence in this case before the BC Supreme Court only began in 2016.

The purpose of this counter-offensive may seem to be to prevent an audit to back up the extra-billing accusation, but the Statement of Claim seeks, inter alia, “A declaration that the provisions in the Act that directly or indirectly prohibit or impede access to private health care and patient choice in primary health care are in violation of sections 7 and 15 of the *Charter* and such violation is not demonstrably justified under section 1 of the *Charter*.” This goes well past the holding in *Chaoulli*. Since it is not solely based on wait times or how provinces may administer their affairs to assure the constitutional validity of their medicare systems, it puts the future of Canada’s entire health care regime into question again. ✱

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In 2009, the number of surgical procedures that can be performed in Quebec private clinics jumped significantly.

which had been in place since 1970. So certain was Quebec’s government that they would win the *Chaoulli* case in the Supreme Court of Canada, that they omitted to ask the Tribunal for time to implement an adverse decision. Hurriedly reacting to the prospect of dismantling their entire scheme, they petitioned the Court for time and won the right to a year to comply.

The manner of complying mollified the “end of the world” scenarios painted by medicare’s staunchest defenders and a minimalist modus vivendi has emerged. Acknowledging that orthopedic procedures to replace damaged hips and knees were likely never to be able to be delivered in a medically timely manner (and adding cataract surgery for good measure for the same reason), Quebec agreed to have these procedures eligible for the purchase of private insurance. They also had the implementing statute make provision for other procedures to be added to the list by regulation if it became evident that these other treatments were also not being delivered within an acceptable timeframe.

In 2009, the number of surgical

and augmenting in-hospital resources, including the availability of operating rooms.

The *Chaoulli* judgment did establish certain findings by three of the judges forming part of the majority (Justices McLachlin, Major, and Bastarache), which Dr. Day should not want to put back on the table. First, they found that the prohibition on medical insurance, as provided in section 15 of the *Health Insurance Act* and section 11 of the *Hospital Insurance Act*, violates section 7 of the *Charter* “because it impinges on the right to life, liberty and security of the person in an arbitrary fashion that fails to conform to the principles of fundamental justice.” Second, they found that “[a]ccess to a waiting list is not access to health care,” given that “in some serious cases, patients die as a result of waiting lists for public health care.” Third, despite the government arguing that private health facilities will “reduce the quality of public care,” they found instead in a review of other developed countries that “there is no real connection in fact between prohibition of health insurance and the goal of a



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Does Canada have a culture?

Yes we do: Contrary to fashionable opinion, Canada is not a 'postnational state' but rather a Western civilizational one.

Philip Carl Salzman

The idea of culture as the way of life of a particular people was introduced by anthropologists. Sir Edward B. Tylor in 1871 offered the following definition: “Culture, or civilization, taken in its broad, ethnographic sense, is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society.”

Anthropologists investigated cultures around the world to understand their particular customs and institutions, and their similarities and differences. A century of research observed and documented that different peoples have distinct cultures.

By the 21st century, with societies becoming larger and more diverse, the question was raised, sometimes tendentiously, whether the idea of a common culture was still applicable. Some Canadian politicians have opined that Canada, particularly English Canada, has no culture. Such assertions have been a staple of Quebec nationalist politicians. For example, as the *Globe and Mail* reported in 2001, “Quebec’s new culture minister, Diane Lemieux...declared that Ontario, compared with Quebec, has no culture to speak of. ‘I believe there is no real Ontario culture,’ she said after being sworn in.”

More recently, Prime Minister Justin Trudeau has stated strongly the idea of a common culture is no longer applicable

to Canada: “There is no core identity, no mainstream in Canada,” he claimed. “There are shared values – openness, respect, compassion, willingness to work hard, to be there for each other, to search for equality and justice. Those qualities are what make us the first postnational state.”

These statements that Canada, or English Canada, has no mainstream culture are political statements, presumably intended to make political points, but how accurate are they in describing social reality in Canada?

From a sociological and anthropological point of view, it is almost without dispute that there is a mainstream culture in every society. There has to be a mainstream culture, in order for people to know what to expect, and

what is expected, and to get along with one another in practical, day to day encounters and relationships.

First, there must be a common means of communication, a common language or languages, without which social life is impossible. That is why Pierre Trudeau declared that Canadian multiculturalism would exist within a bilingual society with only English and French as official languages, and no others.

Canadian official languages, Canadian law, and Canadian government are the foundations of mainstream culture in Canada.

Second, there must be a set of rules directing people to act in certain ways and to avoid acting in other ways, lest certain interactions result in conflict. A good example are the rules that specify which side of the road people may drive on. Note that it does not matter what the rules are – whether to drive on the right or on the left – as long as they are clear and everyone is familiar with them. The *Canadian Charter of Rights and Freedoms* sets out the principles on which rules must be based. The laws of Canada set those rules, which are obligatory for all Canadians and enforced by courts and related agencies.

Third, there must be some agreement about public institutions of authority, and how they are to be established, such as government, courts, and enforcement agencies. If there is no such agreement, then power devolves to those who can take it and impose it on others, resulting in despotism. The Canadian Constitution establishes those democratic institutions, and the courts enforce their rules of operation.

Canadian official languages, Canadian law, and Canadian government are the foundations of mainstream culture in Canada. You do not have to be an anthropologist to

know that Canadian mainstream culture is very different from Chinese, Indian, and Saudi Arabian mainstream cultures, which are based on very different premises and constitutions.

Canadian public opinion supports the notion of Canadian mainstream culture. In the Angus Reid Canadian values survey, a majority of respondents (68%) agreed that “Minorities should do more to fit in better with mainstream Canadian society.” Further-

more, we find that Canadians do differ in views from recent immigrants, who more than native Canadians:

- favour traditional families (43% to 36%),
- oppose intermarriage (31% to 27%),
- favour public displays of religion (54% to 42%),
- favour retention of foreign customs and languages (62% to 32%),
- favour government requiring companies to hire women (58% to 48%), and are
- less favourable to LGBTQ acceptance (57% to 64%).

Canadian public opinion amply demonstrates a Canadian mainstream culture distinct from the views of immigrants. What are some of its features, beyond language, law, and government?

For Canadians, one major element of identity and culture is work. Many Canadians pursue lengthy specialist training, inside and outside educational institutions, in order to prepare for work. One’s social and economic status depends to a considerable degree on one’s work. Most Canadians (78%) believe that “If you work hard, it is possible to be very successful in Canada no matter what your background.” This

response shows an emphasis on work as a means to success, a belief in economic and occupational mobility, and the confidence that merit in work will be rewarded.

This emphasis on work and occupational status is not primary in many cultures around the world. In the Middle East, identity is defined, after age and sex, by one’s kin group, tribal membership, and sectarian affiliation. In South Asia, identity is defined, after age, sex, and religion, by caste membership. In other words, in these cultures group membership and status are ascribed, determined by birth, rather than achieved, as they are to a much greater extent in Canada.

Gender equality, a principle that has gained great support in Canada since the middle of the 20th century, is now regarded as an important pillar of Canadian culture. Given the principle’s late development in Western society, it should not be a surprise that many other cultures in the world do not believe in gender equality. In some societies in the Middle East, women’s place is separate but unequal. Sharia law grants men authority and supervision over women, and gives a woman’s word in court half the weight of a man’s, just as a woman’s inheritance is one half of her brother’s. In parts of South Asia, a woman must obey her husband, a person chosen by her family rather than by herself. In extreme cases, violations of these directives have led, even in some Canadian Middle Eastern and South Asian families, to “honour killings.”

Religion is seen by most Canadians (64%) as important in their day to day life. At the same time, a majority (58%) believe God and religion should be kept “completely out of public life.” A substantial and growing minority (25%) say they have “no religion.” These Canadian views are consistent with the post-Enlightenment trend to limit religion to private faith. Elsewhere this is not the case, even in England, where the Queen is the head of the Church of England. In the Middle East, many countries are officially Islamic,

and some declare it in their names, such as the Islamic Republic of Iran. There has been an increasing effort in some countries, Sudan and Pakistan among others, to make Islamic Shariah law the law of the country. Among Muslim immigrants in Canada, a 2011 Macdonald-Laurier Institute study found a majority (62%) wanted some form of Shariah law in Canada, with a small minority (15%) agreeing that it should be mandatory for all Muslims.

There have been similar findings in surveys among Muslims in other Western countries. The desire to substitute Shariah law for Canadian law is of course a challenge to Canadian mainstream culture. This can be seen also in the repudiation by Muslim countries of the UN *Universal Declaration of Human Rights*, a document influential in the formulation of the *Canadian Charter of Rights and Freedoms*. The Organization of the Islamic Conference has substituted the *Cairo Declaration on Human Rights in Islam*, which reinforces Islamic Law.

Canadians also have definite ideas about governance. They believe strongly in Canada's democratic institutions, but do not see them working as well as they would like. Nonetheless, a slim majority of Canadians "trust the government to act in the best interests of the people" (53%), want "more government involvement and regulation of the economy" (52%) and want "more public support for the poor, the disadvantaged and those in economic trouble" (51%). As well, "most Canadians support a guaranteed income program, but they don't want to pay more in taxes to support it."

In short, Canadians are in favour of a welfare state, but are reluctant to make more sacrifices (i.e., yet higher taxes) for an expansion of that welfare state. Most countries around the world have neither democratic institutions nor extensive welfare programs. In the Middle East, for instance, there is not one democratic country other than Israel. I expect very few of the subjects of those countries, and many

countries elsewhere, would say that they trust their government to act in the best interest of the people. That Canadians view their government as benign is exceptional, and a major element in Canadian mainstream culture.

Canada lives in the shadow of the United States of America, 10 times larger in population and economy, vastly more

Canadians have "shared values — openness, respect, compassion, willingness to work hard, to be there for each other, to search for equality and justice." Canadians are open and respectful, but they are not open or respectful to discrimination based on gender, sexual orientation, race, religion, birth status, or origin, because Canadian culture is heavily based on human rights. Canadians

But Canadians have vastly more in common with Americans, and indeed with ... Great Britain, Australia, and New Zealand, and the countries of Western Europe.

powerful militarily. US centres of science, business, technology, and media have drawn many talented Canadians across the border. Distinguishing themselves from Americans, Canadians sometimes speak of such features as parliamentary government, socialized medicine, and peacekeeping as central to Canadian identity and culture. But Canadians have vastly more in common with Americans, and indeed with the English-speaking countries of Great Britain, Australia, and New Zealand, and the countries of Western Europe. Inheritors of the Enlightenment, these countries have accepted science as the foundation of knowledge; and they have advanced the idea of human rights, based on an inclusive vision of humanity, and incorporated the central tenets of inclusiveness, freedom, and equality into their laws, institutions, and cultures. Many other countries in the world have cultures based on other premises, such as holy scriptures, membership in a religious community, hierarchies of purity, descent, and other tradition-based formulations. Canadian culture is first and foremost Western culture, and it is distinct because Western culture is distinct.

Prime Minister Trudeau argued that

are talented at finding compromises that take into account differing interests and preferences, but they are not willing to compromise on the principles of equality of citizenship and equality before the law. Canadians are tolerant, but not of violations of human rights.

Canadian culture is an ingenious combination of legal order, human rights values, and individual freedoms. It is because of this mainstream culture that Canada is respected throughout the world, and that many people living in countries with very different mainstream cultures wish to come to Canada. Canada is not a "postnational state" as the Prime Minister asserts, but a Western civilizational state. ✱

Philip Carl Salzman is Professor of Anthropology at McGill University. He has served as Senior Fellow at the University of St. Andrews, Open Society International Scholar at the American University of Central Asia, Erasmus Mundus International Fellow at the University of Catania, and visiting professor at the University of Sydney. His latest book is Classic Comparative Anthropology: Studies from the Tradition. He is a member of the Academic Council of the Canadian Institute for Jewish Research, a Fellow of the Middle East Forum, and a board member of Scholars for Peace in the Middle East.

Why we will never run out of work

The nightmare scenario, currently being propagated in the United States, of vast armies of out of work men and women roaming the Earth will never come to pass.

Brian Lee Crowley

Can we run out of work?

Donald Trump's supporters fear so. For them the Rust Belt is the future unless things change. Many futurists also see the end of work due to mechanisation, and argue for giving people a basic income because if work is unavailable we need to give them the means to survive.

I can see their point. Employment in manufacturing throughout the industrialised world has fallen dramatically over the past few decades. A stubbornly unemployable underclass, often made up of poorly-educated men, haunts our societies and our politics. Some academics are arguing that almost half of all existing work is vulnerable to mechanisation, including much hitherto unassailably-human brainwork. In a few years we won't even be driving anymore as machines gently shunt us away from tasks we have so far performed for ourselves.

This nightmare scenario of vast armies of purposeless human wraiths wandering the earth, despite its emotional resonance, however, is not borne out in the real world.

First, the idea that there is a fixed amount of work is quite wrong, making the fact machines do a growing amount of work irrelevant. Work is necessary to satisfy human wants and needs, and these are infinite.

Think about how much of the average person's time is spent pondering what they would do if only they had the resources. Every time you picture the addition you want to put on the house, the pleasure you could get from the latest computer gadget, or how to find the money to keep your ageing

mother in safe and humane care, you are thinking about work that you want to have done that isn't being done now. Want to learn a language, travel abroad or get off the bus and into a car? These are all unfulfilled human desires and therefore sources of demand for work not now being performed.

Second, the obstacle to having this work performed is that we are not rich enough. The available resources are already occupied just producing what we currently consume. But mechanisation allows us to produce more with less and therefore to satisfy more human desires. As the Adam Smith Institute's Tim Worstall points out, when 95 percent of all people had to work the land so that everyone could eat, hardly any labour was available for other purposes. Mechanisation of agriculture in the UK helped to create a society in which ten percent of the population can work for the National Health Service. In the US, technologically-unjustified employment fell in old industries like rail, steel and autos so that hundreds of thousands of people could be employed at Apple, Amazon, Microsoft and Wal-Mart, not to mention the million start-ups from which these giants grew.

Third, understanding that all work is created by human need and desire means that the distinction between goods and services is meaningless. The idea that "great" societies make "things" (cars, air conditioners, steel) and services are somehow an inferior second cousin done by people who can't get a real job is nonsensical. The need for intangibles like mental stimulation or culture or art or entertainment or accountancy is no different in principle than the need for tangible things.

But because we must satisfy our physical needs first, only wealthy societies with high degrees of labour-freeing mechanisation can afford a vast creative class of chefs, musicians, painters, gamers, videographers, graphic designers, hackers, bloggers, yoga teachers and service entrepreneurs of every description. That's why open societies that welcome dynamic creative change are better for people, especially if the growth change generates is used in part to help everyone make the transition from the old to the new. Here is where we are not yet getting it right.

The final reason work will not disappear is one of the most basic cravings of people: to relate to one another. Outside family, love and friendship work is probably the most important way we do this. We see the value in what we do reflected back at us by the value other people attach to it. That is why being unemployed is so soul-destroying, whereas when we work we feel valued. And no amount of social welfare can hide that fact, however justified and invaluable it may be in helping us get training or tiding us over temporary bouts of unemployment.

As chansonnier Felix Leclerc put it, the best way to kill a man is to pay him to do nothing. Work is an indispensable part of a life worth living, and the market test (are people willing to pay me enough voluntarily for what I do that I can live in dignity) isn't social Darwinism. It is how we signal to each other how to make the most economically-valued contribution to the well-being of others. No machine can or will change that. ✱

Brian Lee Crowley is the Managing Director of MLI.

This article originally appeared in the Globe and Mail.

Why Ottawa should worry over our stagnant labour force participation rate

Ottawa needs to implement a plan for jobs and opportunity or risk sowing the seeds for a Donald Trump-like uprising in Canada.

Sean Speer

That Prime Minister Justin Trudeau's recent "listening tour" has occurred against the backdrop of Donald Trump's US presidential inauguration and first two weeks in office is hardly a coincidence. It's a sign that the Prime Minister and his advisers are rightly sensitive about staying connected to working-class voters. But while such a tour is a first step, it's hardly a substitute for a practical, constructive agenda to support jobs and opportunity for all Canadians.

It's widely accepted that Mr. Trump's election was driven in large part by growing economic anxieties and a sense that the political system was unresponsive to the concerns of working-class voters. The President's message of economic populism resonated in key swing states such as Michigan, Wisconsin, Ohio and Pennsylvania and surprised virtually all the pundits and commentators.

Much of the subsequent analysis of the US election has focused on stagnant median incomes as evidence of the economic dislocation that underpinned Mr. Trump's political fecundity. The presumption is that Canada is infertile political ground for similar populism because of our better record on middle-class income growth and social mobility.

While it's true that Canada has outperformed the United States in these two key areas, it's no time for complacency. There are other economic indicators that could point



to the nascent conditions for a Trump-like populism – namely, Canada's essentially flat-lined labour-force participation rate.

Labour-force participation refers to the share of working people who are employed or actively looking for work. That it discounts those who have given up searching for work may provide a useful indicator for discerning economic anxiety and political frustration. It may be the canary in the coal mine, so to speak.

It's notable, for instance, that Mr. Trump's election coincides with the US labour-force participation rate hitting its lowest level in more than 30 years. And the state-by-state figures provide even more insight into Mr. Trump's political resonance.

Nine out of 10 states with the lowest labour-force participation rates voted for him. Of the five states that flipped to the Republican Party in 2016, three – Florida, Michigan and Ohio – experienced a drop in their participation rate relative to 2012, and

the other two were essentially flat.

The point is, to the extent the labour-force participation rate reflects discouragement on the part of dislocated workers, it may provide a marker for a more populist politics.

How does Canada fare? Our labour-force participation rate exceeds that of the United States, but it still ought to be a cause for concern for the Prime Minister and his government.

Canada's labour-force participation rate has been essentially flat for more than a decade, and has fallen consistently since 2008. The picture is even worse for under-represented groups such as youth, First Nations, new Canadians and people with disabilities.

While lower labour-force participation rates are partly a function of aging demographics, it would be wrong to conclude that it shouldn't concern policy makers or that there's nothing they can

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Once irregular migrants are at our borders, it's too late

There's a limit to what throwing resources at the US border can achieve. We need to shore up intelligence and immigration enforcement capacity to ensure the integrity of a principled, rules-based approach to providing refuge to the world's most vulnerable people.

Christian Leuprecht

Recent media reports of desperate asylum seekers crossing the Canadian border between ports of entry in the dead of winter, some suffering terribly of exposure to the elements, have precipitated an emotionally-charged, political debate. In line with the populist politics of the day, simplistic solutions abound: notably loud calls to deploy more resources at Canada's land border. We are told this is needed to halt

the steady trickle of migrants that have been crossing illegally, hoping for more sympathetic treatment than they might find in America.

But there are serious limits to what throwing money at the border can accomplish. On the one hand, migrants have been brazen about crossing illegally in full view of Canadian authorities, even after being warned that they would be arrested. On the other hand, enhanced enforcement at the border will hardly deter those intent on crossing. Let's be serious: would a few more

Mounties along the almost 5,000 kilometres of land border with the United States (excluding Alaska) really make a difference? Instead, scarce resources need to be allocated where they will have the greatest impact.

Canada should be concentrating (and surging) its resources beyond (rather than at) the border. We need to shore up intelligence and immigration enforcement capacity to ensure fair and equitable access to protection for the world's most vulnerable people. Once irregulars are at the border,

it is too late: In a 21st century world where flows of people, goods, money, and data are global, the border no longer offers a line of defence, merely a line of jurisdiction.

So what *can* we do?

First, Canadians need to realize that immigration is actually a national security policy, arguably Canada's most important one. We need to grow immigration levels, but in a way that balances fairness, equity, safety and prosperity. Countries that do not act strategically to counter the effects of population aging will eventually pay a heavy price that is not readily reversible.

On a per capita basis, at just under 1 percent of Canada's population, Canada takes in more immigrants than any other G7 country – currently 300,000 a year – and more than just about any other democracy. On a per capita basis, Canada also already has among the highest refugee resettlement ratios in the world: one of every 10 refugees worldwide who is resettled. What are we doing right? Canada's strategy hinges on a careful balance among highly skilled economic migrants, family reunification, and refugees. All three of these categories are commonly misunderstood.

The initial generation of economic migrants may fill labour-market gaps, but because they tend to incur higher health, social, and education costs than established Canadians, and because they are usually intent on bringing spouses, children, elderly parents and extended family members with lesser skills, the initial benefit to Canada is, at best, a wash; the real benefit accrues from well-integrated, well-educated subsequent generations. And unlike much of the rest of the world, Canada does not really take in refugees: it welcomes future Canadians. In Europe, the (unrealistic) expectation is that people who seek asylum will eventually return to their country of origin. By contrast, neither Canadians nor refugees themselves expect them to return to their former homes.

How many refugees Canada should accept is controversial (and, as I argue with Sean Spear in our December 2015



Forest clear cutting marking the border between Québec and Vermont

MLI policy brief "Getting Refugee Policy Right," Canada could and should take in a lot more refugees if its approach were more systematic in spreading the burden across the country). The means, however, are not up for debate. Canada's refugee intake and resettlement policy has long been premised on working systematically with international organizations to identify a limited number of refugees who are in greatest need of resettlement, and who are reasonably well-matched with Canadian society.

Encouraging people to jump the queue and cherry-pick their preferred country of settlement undermines Canada's principled approach to refugees and is not in keeping with the spirit of Canada's international treaty obligations. Is it really in Canada's interest to encourage people who are already in the United States to cross the border illegally and evade the rule-of-law based safe third-country agreement between Canada and the US?

What we should be asking is, how did migrants who are crossing illegally into

*Unlike much of the rest of the world,
Canada does not really take in refugees:
it welcomes future Canadians.*

That principled approach ensures that the most vulnerable and destitute who could not otherwise make it to Canada, including women, children, and the elderly, stand a fair chance. Simply by virtue of having the resources, know-how, and stamina to make it to Canada, the bulk of illegal entrants that have been crossing the border do not fall into that category. There are millions of people in the world worthy of protection under our international treaty obligations; so, how is one to choose?

Canada enter the United States in the first place? After all, if they had a legitimate refugee claim, they could have long ago filed it, and it hardly follows that those who are subject to removal from the United States should necessarily be taken in by Canada. If even a small fraction of the estimated 12 million undocumented migrants who now reside in the United States were to make their way to Canada, it would trigger a political and refugee crisis of epic proportions: even double the number of refugee claimants in

a year would overwhelm current capacity to adjudicate claims. Already, irregular crossings in Quebec alone were up 10-fold year over year during the first two months of this year and a recent Reuters/Ipsos poll suggests that more Canadians disagree than agree with the way the Prime Minister has been handling this file.

Some at least have lived in the United States for many years, many of them either undocumented or under suspended removal orders. That makes it unlikely that

Canada Border Services Agency (CBSA) has speculated publicly that the precipitous drop in removals and arrests is directly related to a substantial reduction in resources. This trend runs counter to robust support the aforementioned poll registered for removing people who are in Canada illegally. It also suggests a stepped-up removal tempo of those whose claims are denied is integral to shoring up legitimacy for the way the government has been approaching this file.

To safeguard the integrity of our

is overly simplistic. The recent surge in irregular crossing is instead a symptom of the confluence of the aforementioned changes over the course of recent months. Never has it been as difficult to reach Canada by illicit means: crossing by land between ports of entry is a last resort.

Canada still needs to deploy more resources for immigration enforcement. Those who have travelled through Vancouver International Airport recently may have been approached by a member of the CBSA – while intent on leaving the country. On the surface, that may seem counter-intuitive. The classic mindset is to monitor those entering the country. However, in a global world, criminal enterprise extracts vast sums from prosperous countries such as Canada which it then seeks to move offshore. CBSA is trying to deter criminals from illegally expatriating proceeds of crime that were ill-gotten in Canada. The same applies to immigration enforcement: ensuring that persons deemed inadmissible under the *Immigration and Refugee Act* or visa overstays are, indeed, removed.

In sum, more resources at the border is a wrongheaded, misinformed strategy. Instead, Canada needs more resources beyond the border, especially for intelligence and immigration enforcement. If Canada's fairly principled approach to accepting and resettling refugees is compromised, then that ultimately undermines Canada's demographic competitiveness and economic prosperity in the long term. That, in turn, is at odds with Canada's national security strategy and interests, both of which are, ultimately, premised on the integrity of a functional immigration regime 🌱

Christian Leuprecht is Munk Senior Fellow at MLI, and Professor of Political Science at the Royal Military College of Canada and Queen's University. He directs the security theme of the Borders in Globalization Partnership Grant, funded by the Social Sciences and Humanities Research Council of Canada. His late mother was a refugee.



To safeguard the integrity of our refugee and immigration strategy, Canada needs more resources beyond the border.

they will be able to make a convincing case for refugee protection in Canada. Although annual numbers fluctuate, typically less than half the claims are accepted. Even so, claims can take years to process and many who have exhausted their appeals are not actually removed.

Having initially been given the benefit of the doubt of Canada's refugee protection system, once it becomes clear that they have exhausted their appeals, many are prone to going underground rather than face deportation. Lack of resources for enforcement is also a major concern. Consider that the number of deportations from Canada dropped by about half between 2011-2012 and 2014-2015: from 16,000 to 8,000 people who were returned to their country of origin. Over the same period, the number of arrests under the *Immigration and Refugee Protection Act* waned from 2,837 in 2011-2012 to 1,887 by 2014-2015. And many of those who are removed are those who are easy pickings for enforcement, such as elderly visa overstays, rather than those who pose a genuine security risk or have criminal records. The former director general of immigration enforcement at the

refugee and immigration strategy, Canada needs more resources beyond the border. By and large, Canada is already pretty good at this and getting better at working with allied and partner countries to forestall the arrival of illegal entrants.

Remember the arrivals of the *MV Ocean Lady* and *MV Sun Sea* on Vancouver Island in 2009 and 2010? That we did not see more boats arrive is no accident: it was the result of concerted, deliberate, strategic action by the government of the day.

Similarly, since November 2016 the electronic Travel Authority (eTA) gives Canada ample data on all those intent on travelling to Canada (except Canadian and US citizens, and travellers with a valid Canadian visa) long before they ever show up at an airport. The eTA now makes it much harder to fly to Canada using false or forged travel documents. Canada has also improved the sharing of entry-exit data at ports of entry with the United States, which is designed to deter those who are in one country illegally from crossing the border.

To reduce the phenomenon of illegal crossings to the new US administration



A celebration of the True North

To celebrate Canada's 150th birthday, MLI hosted the Confederation Dinner: A Celebration of Canada on February 16, 2017 at the Canadian Museum of History in Gatineau, QC. The moderator of this event, award-winning biographer and historian, Charlotte Gray, contributed an article exploring the achievements of Canada while acknowledging its failures. Panelist Ujjal Dosanjh, the former Premier of BC and federal cabinet minister, wrote a short piece offering his personal reflections on the meaning of Canada.

Worth celebrating, but not good enough

Charlotte Gray

Canadians can look forward to fireworks and birthday cake this year. And we can also look forward to foreign visitors. Thanks to our low dollar, Instagram-friendly Prime Minister and *Lonely Planet's* declaration that Canada is 2017's best travel destination, plenty of outsiders are expected to arrive here for the sesquicentennial. (Some of them may even learn how to pronounce it.)

What will they find? And what will Canadians discover about our own country this year?

I'm certainly looking forward to joining the fun. But I also want our country's 150th birthday to be more than an Own The Podium burst of euphoria. I hope it gives Canadians and non-Canadians a chance to understand this country's uniqueness – a uniqueness that is rooted in past achievements, but will continue only if we sustain those achievements as we embark on the next 150 years.

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What Canada 150 means to me

Ujjal Dosanjh

I celebrate Canada for opening its doors and promise to millions like me. An immigrant from India, I arrived in Canada in May 1968. Just the previous year Canada had celebrated its Centennial capped by Expo 67. I had been in the United Kingdom for over three years and left for Canada shortly after Enoch Powell made his anti-immigrant Rivers of Blood speech. Since then I have happily journeyed along with Canada the last one-third of Canada's last 150 years. Canada has been good to me. It has made me feel at home. It is full of promise and potential as a model country for the world.

For me, Canada 150 (marking the 150th anniversary of the country as a Confederation) is also about celebrating our land with its ancient peoples that have been around from time immemorial – much longer than 150 years. It is about looking ahead, not backwards; it is about understanding the past: its accomplishments and failures, equalities and inequalities,

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Charlotte Gray (cont'd)

The evolution of this country has been extraordinary and rapid. Within a century and a half, a grumpy clutch of former British colonies transformed themselves into one of the most respected countries in the world.

Thanks to the deal made between the various politicians who attended the Charlottetown Conference in 1864, we share citizenship within Confederation. But there has never been a homogenous Canadian identity. The existence of an entire French-speaking society within this country has forced successive leaders to build an inclusive, rather than an exclusive, model of citizenship. So Canada was gradually transformed from a narrow, xenophobic country cowering in the shadow of the United States into an officially bilingual state that welcomed immigration. Canadians have never shared the kind of back-slapping tribal nationalism that once characterized European countries – and dangerous elements of which are reappearing in some places.

Since the earliest days of the Dominion, this country has been built on compromises, as citizens accommodated different languages, different ethnic backgrounds, different regional priorities, different religions. Quiet flexibility within our institutions – whether we are talking about the federal system of government, education and health care programs, the judiciary or our culture – is a key Canadian characteristic. As global borders dissolve, Canada is perhaps the only country that has been successful in not just managing pluralism but making it part of the definition of this country.

Compromise is never glamorous, and certainly doesn't make for the bloodthirsty dramas (brutal civil wars, suicidal heroism) that enliven other countries' pasts, and look great on screen (think *Lincoln*,



Charlotte Gray speaking at MLI's Confederation Dinner, February 16, 2017
(John Major Photography)

*I don't think
acknowledgement
of failures justifies
a kneejerk dismissal
of the past.*

Braveheart or *Birth of a Nation*.) As Peter C. Newman once put it, "Canada is the only country in the world that wants to be Clark Kent rather than Superman." But compromise has worked for Canada, and allowed it to grow and prosper. We have sturdy institutions that reduce inequality, underpin the rule of law, promote social cohesion and help secure the promise of the British North America Act: "peace, order and good government."

Not bad...and definitely, worth celebrating.

But also – not good enough.

My broad brush review of our history has ignored negative episodes and attitudes, including the marginalization of Indigenous peoples and repeated outbursts of racism, especially against refugees. New recognition of missed opportunities, injustices, cruelties and failures have reshaped our perspective on the past. There are still scars on the landscape – deep pockets of poverty, inequality and prejudice.

However, I don't think acknowledgement of failures justifies a kneejerk dismissal of the past, on the assumption that we are more humane and enlightened than our forebears. That attitude is dangerous, because it leads to both historical amnesia (why bother learning about dead white men?) and also the smug assumption that contemporary values are not as time-bound and place specific as our predecessors' values.

I was disappointed when the Trudeau government decided to drop history as one of the themes for the 2017 celebration. The sesquicentennial is a great opportunity to understand how far we've come, what we can take for granted (and what remains fragile) and why we must sustain the momentum.

The challenges ahead are quite different from those that faced the Fathers of Confederation in 1867. Their preoccupation was gluing together a country. Today's priority is to ensure this secure and wealthy country moves beyond self-congratulation, and survives economic and environmental crosswinds.

So I'm happy to celebrate this big birthday. But this isn't the end of the story. It's a chance to take stock of what worked for Canada in the past, and will continue to provide a secure foundation as the country embarks on the next 150 years. ✱

Charlotte Gray's most recent bestseller is *The Promise of Canada: 150 Years – People and Ideas That Have Shaped Our Country*.

Ujjal Dosanjh (cont'd)

justice and injustices, the opportunities availed and missed, the prosperity created and the still evident poverty. It is not about quarrelling with the past 150 years; it is about debating the future 150.

Canada is my chosen home. It is not perfect. No country is. But it is more perfect than most. It is certainly less imperfect than it was in 1968 and obviously a lot more perfect than it was 150 years ago. For me Canada 150 is about making Canada, in the years ahead, an even more perfect confederation – a more just, egalitarian, prosperous and inclusive society.

A brief look in the rear view mirror shows we have made a mess of the Indigenous peoples' lives and it is taking us far too long to undo the damage. We need to move more quickly so that Indigenous inequality, poverty and the racism they face is no longer an issue at the end of the next 10-15 years – not the next 150. By Canada 200 it would be wonderful to have had at least one – if not more – Indigenous prime minister. The mistreatment of Indigenous people will continue to stare us in the face until there is complete equality, reconciliation and rebuilding of a robust Indigenous presence in every aspect of Canadian life.

While we celebrate the huge strides on equality for women, we still have far to go. Canada is a world leader on fairness and equality on LGBTQ issues but much more remains to be done. We have come a long way from the Chinese Head Tax, the Komagata Maru, the internment of Japanese Canadians and the persecution of the German, Ukrainian and Italian Canadians during the Second World War. We have recognised that in 1939 Canada was wrong to turn away the *St Louis* from our East coast with 907 Jews from Europe on board, forcing them to return to Europe, where 245 of them would perish in concentration camps. But the lessons of that historic wrong were forgotten in our treatment of the ship

full of Sri Lankan Tamils running away from terror and civil war arriving on our shores 70 years later in 2010. We need to remind ourselves of our history, remember it as we continue to move forward on the path to progress in race relations to build more social solidarity in diversity.

We need to reduce our dependence on the extraction and sale of raw natural resources. A more robust manufacturing base is a

Such poverty and disparity in a relatively affluent country should set the alarm bells ringing – to not fall silent until a fairer, more equitable and poverty free society is created.

On the international front many traditional assumptions about trade, foreign policy, international alliances and allegiances are under stress. The election of Donald Trump, his questioning of NATO's relevance and trade deals, the Brexit vote and the



Ujjal Dosanjh addressing the panel at MLI's Confederation Dinner.
From left: Ujjal Dosanjh, Mark Dockstator, Doug Black and Charlotte Gray
(John Major Photography)

must for Canada. Creation of wealth must be enhanced along with our response to the environmental changes occurring worldwide.

Poverty in Canada is a stark reality, our enduring shame. UNICEF Canada's recent report on child poverty placed Canada 26th out of 35 rich nations for child well-being, putting us "at the back of the pack." Child poverty is nothing but the poverty among the parents and the guardians of those children – simply put: poverty. The wealth gap in Canada is shocking. Two billionaires control the same amount of wealth as the poorest 40 percent Canadians: not much better than the entire world where the eight richest men control as much wealth as the poorest half of the world. A rich and caring country such as ours has no excuse for the degree of poverty or the huge wealth gap.

ascendant right in parts of Europe including France are just some of the challenges that will require careful stewardship of our country and its relationships with the world.

As we confront the challenges ahead, we mustn't ever lose sight of the essence of the Canadian Project: to create the most prosperous, egalitarian, just and inclusive society and help build a more caring and peaceful world. The Canadian Project is not perfect, at least not yet. Much remains for us to worry about, contend with and accomplish; Canada 150 reminds us that our pursuit of a more perfect Canada must continue. ✱

Ujjal Dosanjh was born in a small village in Punjab, India, went on to become Premier of British Columbia, a federal cabinet minister, and an outspoken opponent of Sikh extremism.

The global security issues shaping Canada's strategic tomorrow

The Macdonald-Laurier Institute's

GLOBAL SECURITY LOOK AHEAD

The world is an increasingly messy place. Diplomatic relations between the major global powers – the United States, China, Russia, and the Europeans – are strained. Continued American leadership in military and economic affairs is uncertain: NATO wobbles as a result. Armed brinkmanship in the Pacific, competition in the Arctic, and even open conflict in Europe remain distinct possibilities. Meanwhile, militant organizations control large swaths of territory in parts of North Africa, the Middle East, and South Asia. Mass-casualty terrorist attacks in the West have become a common occurrence. And cyber threats, from the exfiltration of sensitive data to attacks on critical infrastructure, continue to proliferate.

With the *Global Security Look Ahead* project, the Macdonald-Laurier Institute (MLI) dives headfirst into this complexity. We asked seven scholars from Canada and around the world to provide us with an expert assessment of the major threats and concerns Canadians, and their friends and allies, are likely to face in the coming year. MLI is going beyond today's headline to provide Canadians with a glimpse

of tomorrow's security and policy concerns. Our goal is to cast our gaze forward, to provide Canadians with strategic guidance to the conflicts, challenges, and issues emerging on the horizon.

The papers in this series were published as special *Commentaries* and will be compiled into an edited collection. Authors also published shorter opinion pieces based on the *Commentaries*. These six op-eds appeared in a variety of different publications – from the *Ottawa Citizen* to *iPolitics* to the *Arctic Deeply* online project. We are very pleased to collect these articles here in this issue of *Inside Policy*.

Complexity need not lead to strategic confusion. That contemporary global affairs have turned difficult, even chaotic at times, suggests only that Canadians need to redouble their efforts to better identify their priorities and secure their interests. MLI's *Global Security Look Ahead* provides some much needed clarity on the emerging issues that require greater Canadian attention.

– Alex Wilner

Thinkstock

The world is right to be nervous about Trump's foreign policy

Stephen Saideman

Donald Trump's inauguration as US president has much of the world nervous, and rightfully so. Trump is no ordinary politician, and he has frequently taken all sides of many issues, so it is hard to discern what he is likely to do.

This gets to the heart of the matter: Trump generates uncertainty. Because of his disregard for the norms of American politics, because of his habit of switching positions and because he is not tied to any constituency, Trump raises doubts about American guarantees and commitments – a critical challenge not just for Canadian-American bilateral relations but for global peace and prosperity.

During the election, Trump took stances that challenged and undermined the building blocks of the post-war international order. For instance, Trump has taken the NATO burden-sharing debate to a new level, suggesting allied countries paying less than they have committed might not get American assistance if attacked. This can be compared to the past, when the US was more willing than most to commit to defending the Baltic countries.

Similarly, Trump has consistently expressed a desire to protect the American market from international competition. But the US market has been a key factor in global economic stability due to its openness. With a threat to raise tariffs significantly on Chinese goods and a promise to renegotiate the North American Free Trade Agreement, the US will no longer be the market of last resort. This, too, should worry Canadians.

Will Trump follow through on his musings?

We do not know, which is not necessarily all that reassuring. Throughout history, uncertainty about allies – including possibly misperceiving their responses – has been a frequent cause for war. Uncertainty causes countries to anticipate, and leaves allies to hedge their bets by appeasing the likely aggressor or, in recent years, by investing in nuclear weapons. For example, in the summer of 1990, Iraqi president Saddam Hussein met with the American ambassador about border tensions between Iraq and Kuwait. Hussein left that meeting assured that the US did not have a position in the dispute. That was not meant as a green light for an Iraqi attack, but that is how Hussein saw it.

How may this play out over the next four years? Already, Trump's phone call with the president of Taiwan – with conflicting stories of whether this was planned or improvised – has led to China flying a plane armed with nuclear weapons over the South China Sea. Trump's hostile statements about NATO will almost certainly lead to a test by Russia's Vladimir Putin.

Likewise, uncertainty is bad for most financial markets. Businesses may hold off on investing until they have a better idea of what may happen, leading to a recession. In the current case, countries may opt to side with China, rather than the United States, if they feel the former is a greater source of economic stability. Already, the likely demise of the Trans Pacific Partnership is giving China greater sway.

Why is Trump so uncertain? As a self-described deal maker, he frequently bluffs to get bargains. Such behaviour might be advantageous in real estate, but it has significant downsides in international relations. Also, Trump seems to respect no norms or rules, and he has no

ties to any constituencies. Trump did not come to power by appealing to specific interest groups within the Republican Party. This aspect of Trump's candidacy appealed to many, but again it contributes to uncertainty.

What does this mean for Canada?

A bumpy ride is the best that Canadians can hope for. If Trump destabilizes international markets, the Canadian dollar and the Toronto Stock Exchange will feel the effects. Increased trade barriers will obviously be extremely costly for Canadian producers. His NATO stances will have a direct effect on Canada's key military engagement. If Trump pulls American troops out of East Europe, the Canadian deployment to Latvia would face a higher risk of being tested by Putin and Russia.

What can Canadian leaders do to deal with Trump's uncertainty engine? They will have to avoid reacting to every swing, every statement, and try to work at lower levels of government. That is, Trump's people do not have connections deep into the Washington bureaucracy, so perhaps the best bet is for Canada to work on the relationship and its many issues at the level of civil servants and not at the head of government.

Even then, misunderstandings will now be of primary concern for the next four – and potentially eight – years. Given Trump's rocky start in relations with China, the latter's reputed ancient curse seems prescient: "May you live in interesting times." As an international relations scholar, I find it strange to be longing for a less interesting time in world politics. ✱

Stephen M. Saideman is the Paterson Chair in International Affairs at Carleton University. This article originally appeared in the *Ottawa Citizen*.

Unprepared Canada vulnerable to crippling cyber attacks

Canada risks jeopardizing Internet commerce and connectivity for Canadians without a stronger defence against cyber attacks.

Ray Boisvert

2016 is the year national governments awoke to the threat of cyber crimes, an emerging reality in which sophisticated hacking methods and technologies increasingly support illicit state interests. In this new era, malicious state-supported actors now operate in collusion with state authorities.

Nowhere is this more evident than in Russia, where a 21st-century version of “Kompromat” combines calculated political smear campaigns with old KGB finesse. A good example is the 2016 hack of the US Democratic National Committee and the strategic release of emails from Hillary Clinton and other DNC leaders.

The stakes are high. The explosive growth of Internet-based commerce, and government plans to deliver seamless connectivity to their citizens, are at risk.

Yet Canada lacks a framework for addressing immediate cyber security needs and longer term requirements. At issue is a cyber-security gap that undermines Canadian safety, security and prosperity. Canada needs a coherent vision and comprehensive policy for cyber-security that deters aggression, defends our interests and ensures the deployment of appropriate tools.

Cyber deterrence can mean many things. First, engagement and diplomacy are critical. US and British engagement with China to limit its targeting of private sector interests and critical infrastructure seem to have provided some relief. Given this success, Canada must follow suit.

Canada’s diplomatic team has yet to

properly engage the cyber file; the profile and size of the team managing the issue is small. Due to the potential severity and impact of cyber sabotage, we must treat the cyber file with the same force as trade, migration, climate change and development.

Defensive responsibility is also a key part of the challenge. Given constitutional realities that include financial clout, access to cyber and technical expertise, and security intelligence actions and prosecutorial power, the federal government must lead. But all levels of government have a role to play.

Canadian consumers also need a bill of digital rights to establish standards for data-driven products and services. A version of the Canadian Standards Association could regulate, test and certify digital products, from smart phones to smart cars. Canada needs national standards to guide and encourage small- and medium-sized businesses to participate in cyber-security.

Conversely, governments must forge an entirely new relationship with private sector cyber-security firms, which have the most advanced technologies and skills to thwart cyber attacks.

The last requirement is the deployment of cyber warfare capabilities. In this context, “deploy” means building and applying weaponized digital tools for network or information operations against hostile states or non-state actors. However, we need better policies pertaining to the use of offensive cyber capability – known by experts as Advanced Cyber Defence (ACD).

How then should Canada and other democracies regulate ACD? What about

the “first strike” doctrine? Have we reached a conclusion that a cyber first strike would incur incalculable and catastrophic consequences?

The US is increasingly prepared to react to the shifting realities of warfare by pre-emptively destroying an opponent’s critical infrastructure – and they are not alone. The key issue for Canada is to recognize the importance and magnitude of this strategic shift and to set forth a new policy direction to ensure a credible Canadian response.

Separately, Canada must also address the growing interest of private organizations and even citizens to retaliate in kind. Allowing private interests that are victims of cyber crime to apply ACD carries significant risk, not least undermining current international agreements and destabilizing the existing global security framework. Given these realities, the government of Canada must address the ACD challenge both domestically and internationally.

The fusion of individuals, data, and devices all but ensures that cyber-security issues will continue to transform our nations in new and unexpected ways. Unless we secure our digital world today, Canada risks entering an era of incessant and uncertain cyber conflict. ✱

Ray Boisvert is the provincial security advisor to the Government of Ontario, and is the former assistant director, intelligence, at the Canadian Security Intelligence Service. This article originally appeared in the Ottawa Citizen.



With HMCS *Ottawa* and her crew in the background, Prime Minister Justin Trudeau and Defence Minister Harjit S. Sajjan take part in a press conference at a recent tour of CFB Esquimalt in March 2017. (MCpl Chris Ward, MARPAC Imaging Services/combatcamera.forces.gc.ca)

Why Canada needs to shift its security axis to the Pacific

Canada must add its considerable middle power weight to buttressing the defence against threats from China and North Korea

Edward Luttwak

As the world's centre of gravity has increasingly shifted toward the Pacific, the gaze of Canadian security policy has been stubbornly fixed on the east, toward the NATO frontier and Russia.

Canada is today faced with a radically changed strategic environment that presents new threats and opportunities. It has a major contribution to make for its Pacific allies, for world order and for Canadian national interests.

Long-term strategic struggles – such as the less and less tacit confrontation between China and the United States with its key allies – are characterized by the constant

Canada could add much to the emerging coalition countering China.

weaving and unweaving of alliances. In this protracted competition, allies will be gained or lost on each side.

Canada could add much to the emerging coalition countering China. Indeed, it is the most globally significant of all middle powers.

One indication of what Canada could do as a Pacific middle power, is what it did in NATO during the Cold War. For decades, a Canadian armoured brigade group was stationed in Germany, as were tactical air squadrons. Canadian naval forces had a major role in protecting trans-Atlantic shipping routes in wartime. Accordingly, Canadian officers were given large roles in NATO headquarters, where their professionalism and prevailingly lower-key style only heightened their influence – and bilingualism did not hurt either.

By contrast, the Canadian effort on the Pacific side of the Cold War was and is

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What comes after the defeat of ISIS?

Western countries like Canada will face some tough work to contain the offshoots of ISIS following the terror group's imminent defeat on the battlefield.

Alex Wilner

In September 2014, US President Barack Obama unveiled his long-awaited strategy for countering the Islamic State of Iraq and Syria (ISIS). “Our objective is clear,” Obama said. “We will degrade, and ultimately destroy, ISIL through a comprehensive ... counter-terrorism strategy.”

Two years later, the strategy seems to be working. In the past few months the group has retreated from the Iraqi cities of Ramadi, Tikrit, Abu Ghraib and Falluja, and an allied offensive is underway against its last major urban stronghold in Mosul.

In Syria, ISIS lost control over Kobane, Manbij, Palmyra and a strategic smuggling corridor linking northern Syria and Turkey. Allied operations against Raqqa, ISIS’s Syrian capital, are expected soon. Further afield, ISIS has been pushed out of the coastal city of Sirte, Libya – its most prominent enclave outside Syria and Iraq.

ISIS’s territorial defeat is an absolute necessity. But the caliphate’s collapse will create new counterterrorism challenges in the months and years to come.

By all measures, ISIS’s recruitment has been phenomenal. American intelligence agencies estimate that, since 2011, 40,000 foreigners from over 100 countries have travelled to Syria and Iraq. Many have joined ISIS’s ranks.

With ISIS now facing strategic defeat, attention must be paid to anticipating what the caliphate’s territorial collapse will mean to its remaining foreign fighters. Five different scenarios could play out.

The most optimistic is that some foreign

recruits will leave the battle altogether, turning their backs on terrorism for good. European intelligence reports indicate that some European recruits have returned home fully pacified.

Some returnees might even turn out to be counter-terrorism assets. They may provide intelligence on ISIS recruitment processes, motivations and ambitions, on the group’s ideological narratives and propaganda machine, and on militant alliances, operations, training and leadership.

But returnees also introduce other challenges, such as distinguishing individuals who have rejected violence from those who retain a degree of sympathy for ISIS and militancy. Even then, is a rejection of militancy sufficient in cases where returnees continue to adhere to (non-violent) fundamentalist ideologies and practices?

Another potential outcome is some foreign fighters deciding to stay in Iraq and Syria following ISIS’s defeat. Even if Mosul and Raqqa fall, ISIS’s ideology will survive. So will some of its networks. And remnants of the caliphate may take advantage of Iraqi and Syrian instability and sectarian divisions to re-establish themselves as new terrorist or insurgent organizations.

Another subset of ISIS’s foreign recruits may otherwise join the ranks of other militant groups already active in the region, including al Qaida’s most prominent franchise, Jabhat Fatah al-Sham (formerly known as Jabhat al-Nusra) in Syria. ISIS and al Qaida had a violently strained relationship in the past, but a merger remains a possibility. Perhaps the destruction of the Islamic State could provide just such an impetus.

Other foreign fighters may travel abroad to establish or strengthen militant offshoots in Jordan, Tunisia, Saudi Arabia and elsewhere. We shouldn’t forget that, two years before ISIS’s declared caliphate, militants linked to al Qaida did much the same in parts of Mali, ruling a territory roughly the size of France for nearly a year. Only military intervention in 2013, spearheaded by France, defeated this jihadi proto-state. Yet surviving militants regrouped both within and beyond Mali, spreading mayhem and death to Burkina Faso, Algeria, Niger and Côte d’Ivoire.

Finally, ISIS will purposefully dispatch foreign fighters to establish terrorist cells and networks within their home countries. At least a few of ISIS’s European recruits will be purposefully “weaponized” for attacks abroad. That Europe faces a migrant crisis has only compounded this threat, since ISIS may smuggle militants “disguised as irregular migrants.”

All of this is already happening. The 2015 and 2016 attacks in Paris and Brussels, along with a string of other attacks across Europe, Turkey and elsewhere, were orchestrated by foreign fighters sent by ISIS to conduct terrorism. More of the same should be expected.

The conflict with ISIS is entering a new and uncertain phase. As the caliphate collapses, the resulting shards may prove nettlesome to contain. ✱

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NATO and the return of deterrence

NATO will need to adapt to counter a renewed threat from Russia expansionism.

Deterrence, after laying dormant in the years following the end of the Cold War, is returning in a big way.

Stéfanie von Hlatky

In 2002, during the NATO-Russia Council's Rome Summit, President Vladimir Putin seemed committed to peace and cooperation. In his speech, he highlighted "wide-ranging possibilities for building a single security region – from Vancouver to Vladivostok."

Fifteen years later, the NATO-Russia Council's pulse is weak, and the rift between NATO and Russia deep, most notably over Russia's annexation of Crimea in 2014 and intervention into Ukraine. Moscow is also showing increasing unease, as NATO forces will be posted in the Baltics and Poland later in 2017.

From Ukraine to the imminent NATO deployment, a range of difficult issues now consumes NATO-Russia Council meetings. Although NATO never completely abandoned deterrence, the 2014 Wales Summit marked a decisive shift – a commitment to show greater resolve in the face of Russia's bellicose moves.

From the Russian perspective, these moves are justified. For Moscow, the biggest grievance is related to NATO enlargement. The fact that NATO proceeded with Partnership for Peace agreements with both Georgia and Ukraine was not well received, even as the Alliance now makes room for a 29th ally, Montenegro.

Russia has also hurled more colourful accusations at NATO, like provoking protests in Ukraine or plans to build a base in Georgia. At NATO Headquarters, these accusations fostered a public diplomacy effort, resulting in *Setting the Record Straight* that provides detailed responses to all of Russia's accusations.



“*Collective defence
is at the heart
of NATO's
raison d'être.*”

The political rhetoric of the last two years demonstrates the incompatibility of Russia's and NATO's strategic goals. Beyond the tense conversations, NATO has also shown its disapproval by strengthening collective defence and enhancing deterrence.

Collective defence is at the heart of NATO's *raison d'être*. In the 1990-2000s, crisis management and cooperative security rose to prominence, with the move to build partnerships outside of the Euro-Atlantic and the long, out-of-area operation in Afghanistan. Deterrence remained in the lexicon of successive Strategic Concepts and NATO summit communiqués, but it was largely sidelined.

Today, however, NATO's member states once again agree on bolstering their collective capabilities. At the very least, the heightened Russian threat has increased alliance cohesion and strengthened the political commitment needed for a credible deterrence. The material architecture of NATO deterrence – based on conventional capabilities, nuclear weapons, and ballistic missile defence (BMD) – has also been bolstered over the past two years.

First, NATO's nuclear weapons policy was last updated in 2012 with the *Deterrence and Defence Posture Review*, when key NATO allies were openly calling for the withdrawal of 150-200 US tactical nukes from Europe. Today, the nuclear status quo is firmly entrenched and the debate over whether these weapons should stay or go is over.

Indeed, the emphasis now seems to be on strengthening the Alliance's nuclear capabilities, whether in the form of nuclear sharing arrangements between nuclear and

Continued on page 33

Looking North with caution

Russia is stepping up its efforts to claim territory in the Arctic that is, thanks to more shipping routes and natural resources, becoming more valuable. Canada will need to balance its diplomatic efforts with more military spending to bolster its own claim.

Aurel Braun and Stephen Blank

The Arctic only periodically garners significant attention in Ottawa and abroad. Yet it is vital that Canadians understand the geopolitical context, and set the right policy priorities in this vital strategic region.

Historically, Ottawa has shown a keen interest in the area, even making a claim to extend its maritime boundaries to the North Pole in the 1920s. Canadian concern for sovereignty protection strengthened during the Cold War, when Ottawa claimed Arctic territories and the waters as Canadian internal waters and took symbolic and substantive steps to enforce its claims.

In the post-Cold War era, political, economic, and legal disputes arose with Arctic littoral states, including Denmark and the United States. Due to global warming, the Northwest Passage and the Northern Sea Route may have dramatically new navigational possibilities. The discovery of vast potential resources in the Arctic also creates opportunities and temptations.

New strategic considerations are also evident, particularly as Russia assertively pursues ambitious foreign policy goals. Indeed, the potential opening of new Northern sea routes is bringing other powerful players to the Arctic region – not least China, as the world's largest exporter and a new observer on the Arctic Council.

Canada is competing with various states in claiming potential resources in the Arctic, in assuring control or access to navigation

routes, and protecting its sovereign territory and Exclusive Economic Zones. While Canada faces multiple claims from other littoral states, all except Russia are NATO allies. The relationship with Russia is very different, and Canada should be alert to possible Arctic risks.

Canada needs to approach four areas with conceptual clarity in dealing with Russia.

First, Russia has the longest Arctic coastline in the world and claims long continental shelves that include the Lomonosov and Mendeleev Ridges. Although other countries bordering the Arctic also claim these, the Kremlin assertively contends these ridges belong to them – vast tracts that would give the Kremlin control of more than an additional million square kilometres of seabed.

Second, no other country has as significant a population in the region as Russia. Roughly nine million Russians live in scores of cities and settlements in the North – a number unmatched by any other Arctic neighbor.

Third, Russia has invested economically far more in the Arctic. About 20 percent of Russia's GDP and about one fifth of its exports are generated in this region. And, as noted, the Arctic's vast energy potential only magnifies this economic significance. Should energy prices rise and the West lift sanctions, Moscow would very likely sharply increase its hydrocarbon extraction efforts in the Arctic.

Fourth, Russia has an unmatched and growing military presence in the Arctic. It is where it bases its powerful Northern Fleet,

significant numbers of its nuclear ballistic missile submarines, and the world's most powerful fleet of heavy icebreakers. Further, Russia has recently established an Arctic strategic command and conducted vast Arctic military exercises as it refurbished old bases and opened new ones.

In sharp contrast, Canada has diminished its relative military capabilities in the Arctic by closing military bases, failing to adequately invest in Arctic mobility vehicles, and being slow to build heavy icebreakers.

As the Russian economy has stagnated, the Putin government has had to look elsewhere for legitimization. Foreign military adventures and “glory” created by confrontations with real or imagined external threats has filled the gap. Playing this card is risky, however, and requires ever new adventures and new successes. Evidence suggests that the Arctic is an issue that Moscow has prioritized as part of this approach.

Indeed, Russia is attempting to create an impression of normalcy in the Arctic while it is assertive or aggressive elsewhere, allowing it to persuade other states to delink policy in the Arctic from global concerns. Yet falling prey to that policy is dangerous, not least by creating a false sense of security and possibly emboldening Russia.

It would be wise for Canada to follow a balanced policy: to build the right combination of soft and hard power capacity in the Arctic, and to recognize that weakness only creates temptations for a Russia that is both unstable and opportunistic. ✱

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We don't have to choose between fighting terror and deterring Russia

Marcus Kolga

Russia's Ambassador to Canada, Alexander Darchiev recently made clear Moscow's terms for its relationship with Canada, and exposed the Putin regime's goal to re-establish Russia's post-Second World War hegemony in Europe by dividing the continent.

In an interview with the *Globe and Mail*, the Russian Ambassador accused Canada of diverting resources away from the war on international terror and to NATO's upcoming deterrence mission in Latvia. The false claim – which is later followed by a threat – serves only to confuse and manipulate Canadians and boost the Kremlin's position.

Canada has in fact, worked very closely and successfully with its allies to defeat terror groups including ISIS. Canadian forces and Canadian trained Peshmerga fighters were recognized as being instrumental in forcing ISIS out of Mosul earlier this year. And there is no indication that Canada is planning to relocate any resources from existing missions.

How then does Moscow's own record of fighting ISIS and terror, compare? Late last year, the US State Department estimated that less than 10 percent of Russian bombs in the Syrian conflict were hitting ISIS or terror related targets. Over the past two years, the relentless Russian bombing of Syrian civilian infrastructure, schools, hospitals, residential zones and reportedly a UN aid convoy has been well documented and condemned by the international community.

Human Rights Watch has published evidence of Syrian-Russian use of illegal cluster and incendiary munitions that

burn victims with thousands of white-hot fragments that melt through flesh, maiming and torturing anyone within a few yards of an explosion.

Yet the Russian ambassador, whose own government has done little in the fight against terror and which has been implicated in countless violations of international conventions on war, feels compelled to criticize Canada's reputation and record.

Canada, which has accepted tens of thousands of refugees, could ask Ambassador Darchiev for his country to do a little more to help. As of November, Russian actions in the region have helped create millions of refugees, and yet the Kremlin has granted refugee status for exactly two of them. Yes, two.

According to Darchiev, terror cannot be defeated if Canada stations troops in Latvia. The Ambassador suggests, that if we compare "terror" to Putin, "terror" is clearly the greater evil and so we must not contribute to the NATO mission in the Baltics lest we allow terror to continue.

Darchiev's massive leap of flawed logic was followed by a threat to terminate dialogue with Canada if troops are sent to Latvia. "You can't have both" says the Russian Ambassador, "we can't have both dialogue and deterrence."

What should be very clear to every Canadian and our NATO partners, is that if the Ambassador's threat were to succeed and Canada chose dialogue over deterrence, it would spell the end of NATO's collective defence. Acquiescence to Russian demands about Canada's NATO security guarantees in times of peace will spell disaster for those same guarantees in times of war.

The Canadian NATO mission in Latvia is very clearly intended to deter Russia from continuing to do what it has

been doing throughout the region over the past decade - using its armed forces to attack neighboring countries and illegally annex their territory.

If Moscow's intentions in the Baltic Sea region are peaceful, the Kremlin shouldn't have any concerns about the presence of Canadian troops in Latvia. The Ambassador must surely understand that Canadian soldiers are not being sent to Latvia to help the Latvian government mount an attack against Russia. However, a Russian attack against Latvia, Estonia, Lithuania or Poland is no longer beyond the realm of possibility. And if Russia does attack any of them, Canada is required to help defend them, just as they are required to defend Canada if Russia's growing Arctic military infrastructure is used to attack us.

Most disturbingly, the Ambassador laid bare Putin's immediate foreign policy objectives by suggesting that Canada facilitate a Potsdam type US-Russia summit. The suggestion implies that Russia and the new US administration are preparing to re-establish the lines that divided Europe during the Cold War, just as the Iron Curtain was drawn across Europe at the Potsdam Conference in 1945.

Such a dangerous division threatens the sovereignty that the Baltic States, Poland, Ukraine and other Eastern and Central European nations have enjoyed for the last 25 years. ✱

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A strategic focus for Canada-Australia security cooperation in the Asia-Pacific

Canada should work with Australia in supporting Southeast Asian countries so that they are better able to resist Chinese pressure, threats, and coercion.

Peter Layton

Canada and Australia are remarkably alike in many areas. It was no surprise that Prime Minister Stephen Harper in addressing the Australian Parliament in 2007 called the countries: “strategic cousins.” Given this, with some proposing Canada should shift its military focus westward into Asia, it seems only sensible that the two countries should cooperate more fully.

As middle powers, Canada and Australia already undertake significant cooperation across governmental, commercial, and cultural domains. Indeed, cooperation in the security field has steadily deepened given both nations’ involvement in Afghanistan and East Timor. There are now annual Australia-Canada Ministerial Bilateral Meetings, annual Chiefs of Defence Force meetings and senior Departmental official’s meetings.

This is a rosy picture but some real deficiencies are hidden in it. Both countries are highly pragmatic, with present cooperation largely driven by pressing security matters – as these wax and wane so does mutual collaboration. The urgent displaces the important. This makes Canadian-Australian cooperation episodic and idiosyncratic rather than long-term and enduring. In some respects this is understandable.

Canada and Australia, with their distinct and distant geographic locations, have quite different strategic concerns and drivers. Canada’s defence is ultimately underwritten by the US while generally Canada has seen Western Europe as its major defence focus. For Australia, national



The Royal Australian Navy International Review in 2013, at which Canada also participated.
(Cpl G. Cormier/combatcamera.forces.gc.ca)

defence is fundamentally an Australian responsibility with Southeast Asia of greatest defence concern. To paraphrase the old Chinese adage, in defence matters Canada and Australia have historically had different beds and different dreams.

Across the next several decades, however, there may be a subtle shift. The world’s economic centre of gravity is moving away from the North Atlantic towards East Asia. Reflecting this, three of Canada’s top six export destinations are now in East Asia. Indeed, the Association of Southeast Asian Nations (ASEAN) grouping is Canada’s seventh largest trading partner. Unsurprisingly, the Trudeau government is now actively seeking a Free Trade Agreement with the largest economy in East Asia: China.

It’s here that difficulties arise. China is

also the most important security concern in Asia. In this, the Chinese Communist Party government deftly combines economic and security matters to advance its national interests. The Chinese government will not be reticent in observing that its economic ties with Canada – including any new free trade agreement – may be imperilled if Canada adopts a security stance Beijing disapproves of. The Communist Party’s media outlets can, in fact, be counted on to be remarkably shrill and belligerent. If Canada principally seeks economic gain, why then should this be risked by also trying to play in the security space?

Defence cooperation with Australia in the Asia-Pacific carries with it the risk of economic pain. Given its location in Asia, Australia has no choice but to respond to

China's security challenges while at the same time actively seeking greater Chinese economic engagement. This is a difficult balance, and it is not yet clear Canada wishes to make life difficult for itself – particularly in a time when the North American Free Trade Agreement (NAFTA) goalposts are shifting.

Some may counter that “the flag must follow trade.” The crucial commercial shipping and air links between Canada and its Asian trading partners should be protected from hostile interference by protective military force. In truth, however, many of these trading linkages are between Canada and China and, those that are not, could be routed away if needs be, as they were without any great inconvenience during the Cold War.

China's security challenge is quite different to some reimagining of the Battle of the Atlantic. As it rises, China wants to adjust the regional security order to better advance its national interests. The country is gradually establishing a widening sphere of influence where China's central importance is recognized by others, regional nations defer to it on important issues, including security, and China has implicit veto power over unfavourable developments such as certain alliances and foreign basing agreements. China's success in fragmenting the ASEAN response to the China's assertiveness in the South China Sea is seen as an indication of such regional Finlandisation. Reflecting this, US Admiral Harry Harris, head of the US Pacific Command recently declared that: “I believe China seeks hegemony in East Asia.”

China is building its sphere of influence using a careful blend of diplomatic pressure, economic inducements, cultural interaction, military enlargement, territorial expansion, media exploitation, and soft power approaches. Responding to this will similarly require a multifaceted, approach. The realization of this partly underpinned Australia's enthusiastic support of the Trans Pacific Partnership (TPP). China's

economic blandishments are considered best met using economic instruments.

A way to avoid Chinese hegemony is to improve the resilience of ASEAN states so they can better resist Chinese pressure, threats, and coercion. Building such resilience needs a regional dimension, given that China often seeks to win arguments using divide-and-conquer tactics that pick off states individually.

*Canada's
involvement might
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Australia has embraced regional defence engagement with a new vigour, even if this approach stretches its own defence resources. Such a remark will possibly resonate with Canadian defence planners, doers, and thinkers. Given such resource issues, Australia would doubtless welcome cooperating with Canada to improve the national resilience of ASEAN to broadly-based external pressure. Both nations could achieve more impact from their efforts by working collaboratively.

Canada's involvement might include measures beyond security assistance, defence training, and military support. While arguably the case for TPP should be kept being made to the Trump administration, in its absence Canada might consider joining Asia's somewhat larger Regional Comprehensive Economic Partnership. Wrongly perceived at times as a Chinese initiative, this free trade pact actually emanates from ASEAN.

A focus on regional resilience can to some extent defuse the inevitable criticism from China of external powers interfering in matters that don't concern them. Building resilience is internally, not outwardly, directed. It's not a new containment strategy or an alliance-crafting move. Resilience threatens no one.

Moreover, in noting earlier that China might well pressure Canada over security matters by threatening economic damage, helping improve resilience in ASEAN states does not necessarily need to be defence heavy. Other aspects might be highlighted. An example might be helping local states police their Exclusive Economic Zones, especially those in the South China Sea where Chinese fishing and general civilian maritime activities are increasingly worrying. If Canada is reticent to join US Navy Freedom Of Navigation Operations (FONOPS) in the South China Sea (as Australia is), being involved in fisheries protection might be a reasonable alternative.

Even so, this may be a big move for Canada to take. At the 2016 Shangri-La Dialogue meeting, Canada's Defence Minister Harjit Sajjan declared that: “the biggest contribution to peace and stability in Asia Pacific is open and transparent dialogue.” Helping improve regional resilience, even in a small way, is a noticeable step-up beyond this. In considering such a move, it's worth noting that making a real difference to regional resilience would require a long-term and enduring commitment to Asia-Pacific security.

Working together on regional resilience would elevate Canadian-Australian cooperation to a new level. To return to the Chinese saying, the two countries would still be in different beds but now share dreams. Most importantly, however, such cooperation would noticeably help buttress Asia-Pacific security in a time of great change. ✱

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Liberals making gradual but real progress on Indigenous issues

Amid the news of disappointment and protest, the Liberal government is trying a genuinely new approach to Aboriginal policy, and making positive steps toward decolonization and reconciliation.

Ken Coates

Following the contentious decisions about the Kinder Morgan, Line 3, and Enbridge pipelines last fall, some Canadians are questioning the Trudeau government's real commitment to its electoral promises. The recent decision on electoral reform has only reinforced the sense of policy abandonment by the Liberal Government, following on the heels of stepping back on the commitment to implement the United Nations *Declaration on the Rights of Indigenous Peoples* in 2016.

In the easy days in opposition and the federal election campaign, bold promises came out routinely from the Liberal camp. Governing is different, for the Liberals as for any party. Prime Minister Justin Trudeau was particularly passionate about his engagement with the Indigenous file, promising dramatic shifts in programming and financing. Here, it seemed, things would be different.

So, how is the Trudeau government doing in practice? Superficially, some key elements are in place: a commitment to implement the Truth and Reconciliation Commission's recommendations, major increases in educational funding, money for improved water systems and additional housing units, and sustained participation in high-level discussions with Indigenous leaders.

The recent announcement of a proposed *Indigenous Languages Act* is a major step forward on a critically importance issue. Indigenous Affairs Minister Carolyn Bennett has also been a constant presence in Indigenous communities, attentive to



Prime Minister Justin Trudeau and Premiers meet with First Nations, Inuit and Métis leaders in Vancouver in March, 2017. (PMO photos by Adam Scotti)

major developments and eager to make a difference. The Liberals' level of engagement with Indigenous issues is rare, if not unique, in Canadian political history.

Not everyone is happy, however. Pam Palmater, former candidate for National Chief of the Assembly of First Nations, has criticized both the government and Indigenous leaders for the slow progress of talks, funding, and political change. Several chiefs, including those surprised by Trudeau's pipeline decisions, now question the depth of his commitment to consultation and Indigenous rights.

Indigenous leaders are right to insist on a true sense of urgency in responding to community needs. In turn, the country as a whole needs to be patient and give Indigenous governments the time and resources to effect a community-driven turn-around.

Given the nature of the challenges, and the formidable costs associated with closing the educational, health, income, housing and other gaps between Indigenous and other Canadians, it is hardly surprising that dissatisfaction continues. Indeed, the benefit of government promises have been

offset by reports that a great deal of money targeted for Indigenous peoples remains unspent. Put simply, there has not been enough time nor sufficient money available to deal with all these issues.

Behind these developments, however, lies perhaps the most important political and administrative transition in Indigenous affairs since Confederation. The Trudeau government has committed itself to several forms of co-production of government policy and, related to this, priority-setting. The Prime Minister declared the language bill will be developed together with Indigenous peoples. In announcing regular high-level meetings with Indigenous leaders, including a recent session with Nunavut leaders, Trudeau indicated that these sessions will be used to set priorities and discuss forthcoming policy. This hardly sounds revolutionary but these are important steps.

Indigenous leaders repeatedly make the point that the crises in their communities can be traced back to the paternalism and intrusiveness of colonial systems – exemplified by reserves, the *Indian Act*, residential schools, and many other culturally insensitive and destructive policies. Breaking the colonial mindset has been a top priority for First Nations, Inuit, and Métis people. The recent policy direction of the Trudeau government suggests major cracks may be emerging in the colonialist façade of Indigenous policy in Canada.

Behind the political scenes, even more important developments are underway. The Government of Canada is working with Indigenous communities on new funding and decision-making processes. The standard approach has been Ottawa-centric, intensely bureaucratic, and bound up in countless rules and regulations. Indigenous communities spend a remarkable amount of time applying for government funding and meeting accountability requirements, diverting attention from critical local issues.

The government appears to be moving

toward a community and region-centric approach, where Indigenous peoples set priorities, where the walls between government programs and funding lines become porous, and where the primary role of the civil servants is to facilitate implementation rather than control.

Put simply, the Government of Canada should make sure that houses are actually built rather than simply administering housing programs. The old way focused on accountability to the Canadian public at large and the expenditure of funds. The new approach emphasizes community and



*Consultation has to be replaced
by greater autonomy and regional
decision-making authority.*

regional needs, responsive decision-making, and joint accountability to Indigenous communities and the country. Getting things done is replacing program design and administrative development.

The primary issue is not money. Canada needs to spend much more to correct historical injustices and give Indigenous people and communities the same life chances available to most other Canadians. But it also matters how decisions are made, priorities are set, and legislation is drafted. Indigenous peoples have the right and need to make the central decisions that affect their lives. Consultation has to be replaced by greater autonomy and regional decision-making authority. The Government of Canada cannot step back entirely; a great deal of collaborative work is still required and jurisdictions inevitably overlap. But Ottawa appears finally ready to take the major step Indigenous peoples have demanded for decades.

Colonialism is difficult to dismantle. Many Canadians are all too eager to offer advice and direction on community-level matters. They seem, at times, to believe

Indigenous leaders do not understand the challenges and opportunities facing the First Nations, Inuit, and Métis people. That is nonsense. Indigenous leaders and governments know only too well the complex, layered, and interconnected issues that have to be addressed. For over 150 years, the Canadian government has been a major part of the problem and only a small part of the solution.

Behind the major pronouncements and high-level meetings, the Trudeau government is doing something truly powerful. They are clearly open to changing

decision-making and priority-setting processes. They appear to be willing to shift from the “Ottawa knows best” approach to community empowerment, with the attending shift in accountability and responsibility to Indigenous governments.

If it continues, this new direction represents the culmination of a decades-long Indigenous fight for recognition, rights, self-government authority, and a new relationship with Indigenous peoples. Should the approach falter, it would demonstrate once more that the Government of Canada is not yet ready to share real authority with Indigenous governments.

Canada has entered an era requiring urgent patience with regards to Indigenous rights. Accepting the new importance of the co-production of policy and joint priority setting is a logical step in the decolonization of Indigenous peoples in Canada. ✱

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Universal basic income is an idea that is powerful, simple and wrong

Once you get the past the theory and start dealing with reality, a universal basic income – an in-vogue policy proposal to replace specific benefits with a general lump sum for those who need it – makes a great deal less sense.

Robert Colville

What connects Martin Luther King and Milton Friedman? George McGovern and Friedrich Hayek? The Adam Smith Institute and John McDonnell?

The answer is that all are fans of the universal basic income – a policy that is suddenly the hottest thing in town. Finland is trying it. Scotland may follow suit. Silicon Valley bigwigs, including Marc Andreessen, are keen. Long explorations of the idea have been published in the *Financial Times* and *New Yorker*. And this weekend, Benoît Hamon romped to victory in the French socialist primaries by making it the centrepiece of his manifesto.

Universal basic income – or “UBI”, as the cognoscenti call it – is, in theory, wonderfully appealing. The idea is that rather than doling out benefits, the state guarantees every citizen a certain lump sum per year, handed out regardless of age or need.

You can tweak the model in a host of different ways – by giving higher amounts to the disabled, or the elderly, or smaller amounts to children, or by withdrawing the payment as earnings increase (which is how UBI’s sibling, the negative income tax, works). But the essence is that everyone gets the bare minimum needed to get by.

This has numerous theoretical advantages.

For those who are at the bottom of the heap, it ends the uncertainty surrounding welfare and benefits – they know they will always have just about enough to live on, helping them escape from the poverty



Michael von der Lohé/flickr.com/generation-grundenkommen

trap. (This is similar to the use of direct cash transfers in aid, which have been proven to be far more effective than traditional donations.)

It is also more rational. According to this chart [see page 31] produced by the Royal Society of Arts (which has been one of the biggest boosters of the idea), a British version would drastically simplify the existing switchback ride of tax incentives, while providing a helping hand to the poorest in society.

It is far, far cheaper to administer than the existing system, in which people earn money, then hand it to the government, which hands it back to them. At a stroke, it therefore abolishes much of the bureaucracy associated with the welfare state.

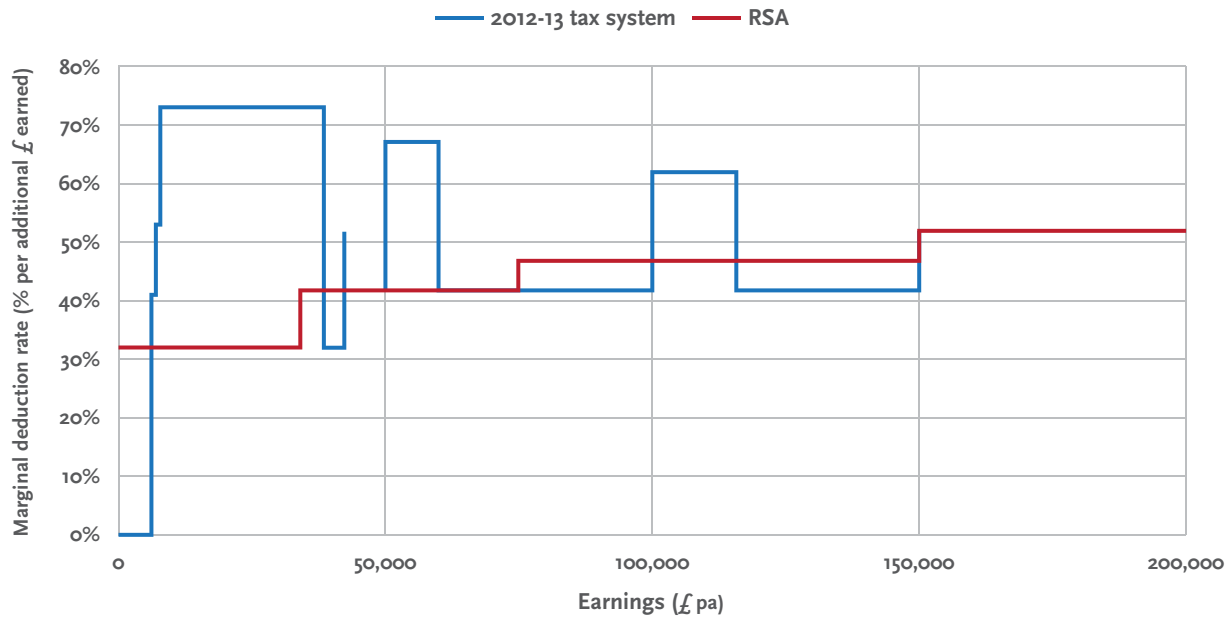
It is also more efficient, and to libertarians, more moral. Giving people money to spend as they wish means that they are more likely to spend it on things they actually need or want, rather than on what government thinks they do. This is one reason why free-market thinkers such as

Hayek and Friedman have been attracted to the idea, or variants upon it.

For family-values conservatives, it’s also a good thing because it pays money to individuals rather than households – meaning that couples are no longer penalised for getting together. In fact, most UBI designs in the UK see couples benefiting hugely and single people losing out.

The other main advantages of the UBI are more philosophical – or theoretical. For Anthony Painter of the RSA, and other romantics, it provides people with space to create, to be their best selves, free from the pressures of wage slavery. And the fact that it gives to the rich as well as the poor is, to some, a feature rather than a bug, as it gives them an investment in the welfare state.

Most recently, its benefits have been couched in technological terms, as a hedge against the imminent robot revolution – a way to ensure that those who are thrown out of work by automation and algorithms do not rot on the dole. Some



Source: Royal Society of Arts

even combine these two Utopian visions, to paint a picture in which the robots do all the boring stuff while we live a life of leisure, using our stipend from the state to support ourselves while we dabble in poetry or pottery-making.

But let's ignore the robots for now, and deal with the reality. Because it's one in which the idea of a universal basic income makes a great deal less sense.

For starters, UBI simplifies work incentives, but it also undermines them.

It may sound harsh, but the most successful form of welfare policy over the last few decades has been to stop handing it out. The principle behind the Wisconsin welfare reforms of the Clinton era, and the more recent reforms under the Coalition in Britain, was that there should be no excuse not to work if you could. And the result was an employment bonanza – what Fraser Nelson called, in the British context, a “jobs miracle”.

What these reforms showed was that the best form of welfare was work – that getting people on to the employment ladder, no matter how low the rung, was better for them (and for the state) than funding dependency. A guaranteed income is also a guarantee that it's OK to be idle. Which is why, as David Frum and Jodie T

Allen point out, everyone in the US lost interest in the idea in the first place.

Ah, say the advocates of the basic income, but in that case we'd set it low enough as to incentivise work.

But that brings us on to the biggest problem of all. Which is that this thing costs money. Enormous amounts of it.

That brings us on to the biggest problem of all. Which is that this thing costs money. Enormous amounts of it.

The RSA's version of the basic income looks like it just about makes the sums add up. But that's because it sets it at a level of £3,692 (in 2012-13 prices, excluding housing and disability support). That's not very much at all – in fact, it's about a quarter of the national living wage. And even then, there's a lot of devil in the detail.

Last year, I went to an event on this topic at the Resolution Foundation. Its experts crunched the numbers and found that, under a UBI scheme that pays people the same as they would get under Universal Credit (ie about the RSA level), and throws

in universal child tax credit (rather than means-tested, as under the current system), taxes would have to rise. By a lot.

In fact, you would have to abolish the Personal Allowance – the £11,000 tax-free that everyone gets on their earnings. Instead, from the first pound you earned to the £43,001st, you'd pay a combined

rate of income tax and National Insurance of around 35-40 per cent, after which the higher rate of tax would kick in as normal.

In other words, to get that £3,692 from the Government, you'd pay thousands of pounds more.

This would mean (and stop me if you don't follow the logic) that large numbers of people would be paying a much larger amount of tax. In fact, it would represent a transfer of £120 billion of extra taxation into the welfare state – the equivalent of the

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How a lack of competition is squeezing workers' wages

Workers are getting a smaller take in Canada and other G20 countries across the world. Yet concentration of market share in the hands of fewer and fewer companies – not greed or offshoring – is to blame.

Brian Lee Crowley

After having been relatively stable for most of the 20th century, the share of national income going to labour has started being squeezed quite noticeably in the 21st. Thus even though the economy is growing, workers are getting a smaller share of that growth than the historical norm.

This is true in the United States, and helps explain the rise of Donald Trump, who has spoken directly to the insecurities of the American working and lower middle class. But it is equally true in the rest of the G20 countries, including Canada.

Now this is a complex phenomenon and there are competing explanations for it. The Occupy Movement blames the greed of the One Percent. Donald Trump singles out offshoring. Many economists think it is mechanisation and artificial intelligence undermining human bargaining power. But a highly plausible new explanation is getting more attention: the increasing concentration of market share in the hands of fewer and fewer companies in industry after industry.

This matters because one of the key disciplines of a market economy is competition. If a company starts to make profits that are unjustifiably rich, that signals to competitors that the market that company serves is insufficiently competitive. They can capture a share of that market by moving in with innovative products, lower prices, better service or any one of a number of consumer-oriented pitches that end up competing the excess profits away.



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That indirectly benefits workers, because lots of companies in a dynamic market increases competition for the people and other resources that companies need to succeed, and gives workers lots of choices as to where to work.

This market discipline only works, however, when there are lots of players and easy entry for new ones. But it appears that the growth strategy of many companies now is to improve their profitability by buying up their rivals, and their market share, and thereby insulating themselves

from the market discipline that puts limits on the prices they can charge. This may be decoupling profit from its main justification – meeting consumer needs efficiently – and turning it into a reward for size paid for at the expense of consumers and employees.

That this may be what's happening is given added credence by the fact that it is not just labour's share of national income that is declining, but also investment's. Profit is the share that's growing. That suggests we are seeing a growth in corporate power to raise prices accompanied by weak pressure to raise wages in line with productivity or to invest in innovative products and processes.

Robert Colville has been a prescient analyst of these trends. As he points out, Glencore controlled, at the time of its IPO, more than half of the global market for zinc and copper; that 81 per cent of the US beef market is in the hands of four giant processing companies; and the global tea trade is controlled by just three firms.

The trend to corporate concentration is also quite marked in high-tech because of network effects. As soon as some critical mass of people uses a tech platform, everyone rushes to embrace it, making it exceptionally hard for competitors to enter the market and compete away high profits.

All this helps to explain why the four biggest firms in a wide variety of industries have increased their market share significantly over recent decades.

If increased concentration is the

problem, what is the solution? Despite what Donald Trump may tell you, it is not protectionism. On the contrary, the whole point of protectionism is to lessen the competitive pressure on domestic companies created by innovative foreign competitors. It raises prices, distorts markets and cuts companies, workers and consumers off from foreign sources of innovation and demand for labour.

Increased corporate taxes won't help because they do nothing to change the balance of power in the business world

that is the real issue. If anything highly profitable mega-corporations can better bear high tax and regulatory burdens than smaller competitors and can invest more in sheltering their profits through lobbying and buying political influence.

The only things that are likely to help are in fact free trade and a robust competition policy. Competition authorities in particular need to get a lot more sceptical about proposals for big mergers and lawmakers may need to consider the benefits of the kind of trust-busting that

brought to heel the overweening corporate giants of the Gilded Age, as Mark Twain dubbed an earlier period of power imbalance in the economy.

It was another populist Republican, Teddy Roosevelt, who led the charge for such a Progressive agenda then. Its revival only awaits a skilled politician who can connect the dots for people once protectionism's superficial seductive charm once again proves evanescent. ✱

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Stagnant labour force (Speer)

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do. Especially since the participation rate has even stagnated for those in their prime working years between ages 25 to 54.

So, what steps can the government take to support jobs and opportunity?

The first is to recognize that stronger economic growth is an essential condition for boosting labour-force participation. This means a pro-growth agenda that enables investment and job creation across the country. The basic building blocks of such an agenda are straightforward, including low, competitive taxation, sound public finances, limited

and predictable regulations (including for major energy projects), a pro-competition legal framework and key public investments in human capital and basic infrastructure.

The second is a series of targeted policies to support employment in general and to help under-represented groups overcome different barriers in particular. This policy agenda is invariably more complex and will doubtless require some trial and error. But examples include: education and career training reforms, more flexible labour-market rules (including for working mothers), an expansion of the Working Income Tax Benefit, wage subsidies and

work-sharing for people with disabilities, and an ambitious set of policies to support entrepreneurship (such as lowering capital-gains tax and intellectual-property reform).

Canada's economic performance has been relatively positive and its benefits broadly distributed in recent years. But it would be a mistake to fall victim to complacency. The Prime Minister's listening tour must be followed with constructive action to boost jobs and opportunity. Otherwise, Canadians may ultimately conclude that he wasn't actually listening. ✱

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NATO deterrence (von Hlatky)

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non-nuclear members (for example, nuclear planning in NATO's Nuclear Planning Group) or extended deterrence provided by the US, UK, or France's nuclear arsenals. As such, the 2012 *Deterrence and Defence Posture Review* needs to be rewritten.

Second, NATO's conventional capabilities have received a significant boost. This includes new assurance measures for allies in Central and Eastern Europe, the establishment of a Very High Readiness Joint Task Force to increase NATO responsiveness on the Eastern flank, and the deployment of

four combat-ready, multinational battalions in Poland, Lithuania, Latvia, and Estonia.

Third, to support the Alliance's deterrence objectives, NATO has proceeded apace with BMD, achieving Initial Operational Capability – with no prospects of including Russia now or in the future. While BMD continues to be justified as protection for NATO's Southern flank, Moscow is not buying it.

NATO-Russia relations have certainly changed significantly during the last 15 years. It is difficult to envision meaningful cooperation being restored any time soon. Yet there is another unpredictable variable

here, and that is President Donald Trump.

Before and after the election, Trump has called NATO "obsolete" and a waste of money. His tone softened during his first conversation with NATO Secretary General Jens Stoltenberg but allies continue to be on edge.

The silver lining is that Trump could be successful in easing tensions with Russia, in which case cooperation may return – but at what cost? ✱

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Canada in the Pacific (Luttwak)

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smaller, with only a very small part of the navy allocated to the Pacific, and even less of the air force.

In today's conditions that is anachronistic. Even a regionally contentious Russia is not a threat to world order as the USSR was, and the Trump Administration certainly intends to greatly reduce tensions with Moscow.

By contrast China's increasingly overt imperialism – it has built four large bases to claim control of 1.3 million square miles of the South China Sea – has naturally evoked the emergence of a tacit defensive coalition centred on Japan, Vietnam, and India. Australia strongly endorses this coalition while the US provides its security and nuclear guarantees.

China's very successful "Peaceful Rise" foreign policy that lasted until the 2008 financial crisis, served it and the world well. But it seems that China's leaders hugely over-estimated the power that they had gained, and that the United States had lost because of the crisis: by 2009 they were asserting loud and practically simultaneous territorial claims

against Japan, the Philippines, Malaysia, the Sultanate of Brunei, Indonesia, Vietnam, and India. Newly aggressive forms of border and maritime patrolling, frequent territorial intrusions, and even outright occupations added greatly to regional concerns.

That is the new global context to which Canada should adjust by redeploying its military strength from east to west, and – as important – refocusing its diplomatic efforts as well. After all, the aim is not to attack China but to persuade it to return to its own successful "Peaceful rise" policies, a worthy aim for Canadian diplomacy, which can be persistent and insistent without being overbearing.

North Korea's threat to world order is far narrower but potentially deadly. It has already tested nuclear devices and is developing ballistic missiles that will be able to reach North America all too soon, unless something is done about it.

China leaders are unenthusiastic that North Korean nuclear weapons reside just up the road from Beijing, but they have never used their physical control of North Korea's overland trade to induce its leaders to act responsibly – in spite of countless solemn promises.

What is needed is an entirely new policy – and Canada's arrival on the scene could stimulate that too.

If it all seems too much for a country of 35 million people, it is enough to look at Australia's 23 million, and its record of highly successful coalition-weaving from Tokyo to India. As a member of the Five Power Defence Arrangements (along with the UK, New Zealand, Malaysia and Singapore), Australia aircraft and some troops rotate in a Malay Peninsula base – important because neither Americans nor Japanese are present.

Nobody can reasonably suggest that Canada should entirely restructure its armed forces on the largest scale to become a major power in Northeast Asia. But, given the shift in the centre of gravity of world politics, it would behoove Canada to acquire a significant stabilizing role in the region. ✱

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Universal basic income (Colville)

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entire budget of the NHS in England.

Now, you may not want to take that extra money from the rich. You might want to take it from companies, or introduce the idea more gradually. But if you want to move to a guaranteed income, you have to take it from somewhere.

And if you want to move to the level where it can actually support people to lead those kind of leisure-filled, pottery-making lives, you would need a truly gargantuan amount of money – even if you decided that rich people shouldn't get it after all (which would obviously be politically appealing).

The best argument against UBI was put by Karen Buck, a Labour MP, at that Resolution Foundation meeting.

She was, she said, in favour of more generous welfare spending. But even she had to admit that introducing conditionality into the welfare system – pushing people off welfare into work – had been both effective and politically popular, and that UBI would throw it into reverse. And if you were going to decide to pump tens of billions of pounds into the welfare system, there were much better and more targeted ways of doing it.

A universal basic income, in other words, is a powerful idea because it seems so clear and so simple – a way to reward

work, give security and simplify the welfare state, all at the same time.

But there's a reason that, by and large, it's those on the Left who are pushing the idea. Because it's old wine in new bottles – redistributive, Seventies-style taxation under a trendy new branding.

There is nothing so powerful as a bad idea whose time has come. And reluctant as I am to quarrel with Hayek or Friedman, the sad truth is that universal basic income – at least in anything like the forms that are currently being proposed – is a very bad idea indeed. ✱

Robert Colville is editor of CapX. This article originally appeared on CapX.co.

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